NEW GI BILL PROPOSALS

HEARINGS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
NINETY-SEVENTH CONGRESS
FIRST SESSION
ON

S. 5, S. 7, S. 25, Titles IV & V of S. 26, S. 48, S. 105, S. 248, S. 417, S. 742, S. 899, and Related Bills

JULY 22 AND 23, 1981

Printed for the use of the Committee on Veterans' Affairs

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NEW GI BILL PROPOSALS

WEDNESDAY, JULY 22, 1981

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 9:11 a.m., in room 318 (caucus room), Russell Office Building, Hon. Alan K. Simpson (chairman of the committee) presiding.

Present: Chairman Alan K. Simpson (presiding), Senators Strom Thurmond, Bob Kasten, Alan Cranston, Jennings Randolph, and George J. Mitchell.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Chairman SIMPSON. The hearing will come to order. Good morning to you all. This is the first of 2 days of hearings on the issue of a new GI bill. I would like to announce that tomorrow the hearing will be conducted in room 1203 of the Dirksen Building, and that hearing will also begin at 9 a.m. I do apologize for being a bit late here.

The committee has 10 legislative proposals and 1 administration proposal before it, for consideration concerning educational programs and benefits for veterans and service personnel.

The committee will not only consider these proposals but we shall also review the past programs for educational assistance to those who served in the Armed Forces.

We all know the original GI bill was enacted in 1944 as part of the Servicemen's Readjustment Act. The purpose of that program was to assist veterans in the readjustment to civilian life. Since 1944 there have been four different GI bills which have been enacted assisting over 17 million veterans in a variety of educational programs, including your loyal correspondent at the table. In 1976 the Congress enacted the fourth GI bill. The fourth GI bill was designed for the All-Volunteer Army. So our task this week is to evaluate that program and determine what changes must be made. The experience of the past 5 years has served to point out to us the varying requirements of a GI bill that was designed for readjustment and one that was designed for retention and recruiting.

The committee begins these hearing with a great degree of openness I can assure you, and we are eagerly looking forward to having the expert opinions and suggestions of these fine witnesses.

Together I feel certain that we can create a GI bill that will serve the needs of the veteran and the country. Among the 40 witnesses who will testify, both today and tomorrow, are experts and specialists from the military—active duty and reserve, veterans' organizations, educational community and other interested persons. I am very pleased to welcome those witnesses and also several of my colleagues from the Senate and the House.

Chairman Bob Edgar of the House Subcommittee on Education and Employment of the Veterans' Affairs Committee will appear as will Chairman Sonny Montgomery of the House Veterans' Affairs Committee. Sonny Montgomery and I both took on the chairmanship or mantle at the same moment of time this January. It is known in the trade as a learning experience. I can assure you that it is.

So we will pursue that, hear what they are saying about the House activity. They were obviously clearly instrumental in guiding H.R. 1400 through their committee and it is now pending before the House Armed Services Committee. As I mentioned, there are over 10 bills to be considered. There are over 30 Senators cosponsoring those various education bills. Therefore, it would seem obvious that there is a significant interest in the passage of GI bill legislation in the very near future.

The status and workability of the All-Volunteer Force—past, present, and future—is of the greatest concern to all of us. The issue and methods of recruitment and retention of quality personnel will be discussed most fully as these hearings proceed.

I feel very strongly that the GI bill legislation can be a useful tool to assist this Congress in solving the manpower problems that plague this country and the military, and I am committed to working with all of you and others to achieve a resolution of this most pressing national problem.

The bills, agency reports, and related statements will be inserted in the record at this point.

[The texts of the bills S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, S. 742, S. 899, agency reports, and excerpts from the Congressional Record thereon, follow:]

II

97TH CONGRESS
1ST SESSION

S. 5

To amend title 38, United States Code, to provide a new program of educational assistance for persons who serve in the Armed Forces.

IN THE SENATE OF THE UNITED STATES

JANUARY 5, 1981

Mr. WARNER introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to provide a new program of educational assistance for persons who serve in the Armed Forces.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Armed Forces Educational Assistance Act of 1981".

SEC. 2. (a) Title 38, United States Code, is amended by adding after chapter 32 the following new chapter:

"CHAPTER 33—ARMED FORCES EDUCATIONAL ASSISTANCE PROGRAM

"Sec.
"1644. Statement of purpose.
"1645. Definitions.
"1646. Eligibility; entitlement.
"1647. Time limitations for completing a program of education.
"1648. Educational assistance; subsistence allowance.
"1649. Program requirements.
"1650. Right of eligible veteran to transfer entitlement to spouse or dependent children.

"§ 1644. Statement of purpose

"It is the purpose of this chapter to demonstrate that an improved educational assistance program for persons who serve on active duty will not only exact honorable military service from such persons but will also increase the retention rate of current and future military personnel, increase recruitment of personnel, and enhance the quality of the military force generally.

"§ 1645. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible veteran' means any person who entered military service after September 30, 1981, and (i) served on active duty for three or more years after such date and was discharged or released therefrom under conditions other than dishonorable, or (ii) was discharged or released from active duty after such date for a service-connected disability.

"(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of any person who has completed at least three years' active duty (which began after September 30, 1980).

"(C) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The terms 'program of education' and 'educational institution' shall have the same meaning as in subsections (b) and (c), respectively, of section 1652 of this title.

"§ 1646. Eligibility; entitlement

"(a) Except as otherwise provided in this section—

"(1) an eligible veteran who serves at least 36 consecutive months but less than 48 consecutive months of active duty and who agrees to serve as a member of the Ready Reserve of an armed force for three years immediately after such veteran's discharge or release from active duty shall be entitled to 18 months of educational assistance under this chapter;

"(2) an eligible veteran who serves at least 48 consecutive months but less than 72 consecutive months of active duty and who agrees to serve as a member of the Ready Reserve of an armed force for four years immediately after such veteran's discharge or release from active duty shall be entitled to 36 months of educational assistance under this chapter; and

"(3) an eligible veteran who serves at least 72 consecutive months of active duty shall be entitled to 36 months of educational assistance under this chapter without any requirement for service as a member of a reserve component of an armed force.

"(b) An eligible veteran who has served on active duty for a period of 16 years as of September 30, 1987, or any time thereafter, may transfer, as provided in section 1650 of this title, such veterans educational entitlement under this chapter to such veteran's spouse or children.

"(c) Whenever the period of entitlement under this section of an eligible veteran who is enrolled in an educational institution regularly operated on the quarter or semester system ends during a quarter or semester, such period shall be extended to the termination of such unexpired quarter or semester. In educational institutions not operated on the quarter or semester system, whenever the period of eligibility ends after a major portion of the course is completed such period shall be extended to the end of the course or for 12 weeks, whichever is the lesser period.

"(d) Eligible veterans under this chapter shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"(e) Except as provided in subsection (a) and in subchapter V of chapter 34 of this title, no eligible veteran shall receive educational assistance under this chapter in excess of 36 months.

"(f)(1) No educational assistance shall be afforded to any eligible veteran who fails to complete three consecutive years of active duty service.

"(2) The Administrator shall terminate the benefits under this chapter in the case of any veteran who fails to participate satisfactorily in the Ready Reserve of an armed force if such participation was a requirement for entitlement under this section. The Administrator may reinstate such benefits upon receipt of certification from the Secretary of Defense that such veteran is participating satisfactorily as a member of the Ready Reserve of an armed force.

"§1647. Time limitations for completing a program of education

"(a) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date six years after the veteran's last discharge or release from active duty after September 30, 1981; except that, in the case of any eligible veteran who was prevented from initiating or completing such veteran's chosen program of education within such time period because of a physical or mental disability which was not the result of such veteran's own willful misconduct, such veteran shall, upon application, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines, from the evidence, that such veteran was prevented from initiating or completing such program of education.

"(b) In the case of any eligible veteran who has been prevented, as determined by the Administrator, from completing a program of education under this chapter within the period prescribed by subsection (a), because the veteran had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, the correction of the military records of the proper service department under section 1552 of title 10, or other corrective action by competent authority, then the six-year delimiting period shall run from the date the veteran's discharge or dismissal was changed, corrected, or modified.

"(c) In the case of any eligible veteran (1) who became eligible for educational assistance under the provisions of this chapter, and (2) who, subsequent to the veteran's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing the veteran's six-year period of eligibility for educational assistance, any period during which the veteran was so detained and any period immediately following the veteran's release from such detention during which the veteran was hospitalized at a military, civilian, or Veterans' Administration medical facility.

"§ 1648. Educational assistance; subsistence allowance

"(a) The Administrator shall pay, in the case of each eligible veteran pursuing a program of education under this chapter, the cost of such veteran's tuition and fees or $1,500 per school year (or an appropriate portion thereof, as determined under regulations which the Administrator shall prescribe, in the case of an eligible veteran pursuing a program of education on a part-time basis), whichever is less.

"(b) The Administrator shall pay to each eligible veteran pursuing a program of education under this chapter a subsistence allowance of $300 per month (or an appropriate portion thereof, as determined under regulations which the Administrator shall prescribe, in the case of an eligible veteran pursuing a program of education on a part-time basis), except that an eligible veteran pursuing a program of education while serving on active duty shall not be eligible for a subsistence allowance under this section.

"§ 1649. Program requirements

"The provisions of sections 1670, 1671, 1673, 1674, 1677, 1681(c), 1683, 1696, and 1698 of this title and the provisions of chapter 36 of this title shall be applicable to the educational assistance program provided for in this chapter.

"§ 1650. Right of eligible veteran to transfer entitlement to spouse or dependent children

"(a)(1) An eligible veteran described in section 1646(b) of this title may transfer all or any part of such veteran's educational entitlement under this chapter to such veteran's spouse or to a child of such veteran. Any transfer under the preceding sentence may be revoked at any time by the veteran making the transfer.

"(2) If a veteran described in paragraph (1) dies before making such an election but has never made an election not to transfer such entitlement, any unused entitlement of such veteran shall be automatically transferred to such veteran's surviving spouse or (if there is no surviving spouse or if the surviving spouse so elects) to such veteran's children.

"(b) Any transfer of entitlement under subsection (a) shall be made in such form and manner as the Administrator concerned may prescribe.

"(c) A spouse or surviving spouse or a child to whom entitlement is transferred under this section is entitled to educational assistance under this chapter in the same manner and in the same amount as the veteran from whom the entitlement was transferred, except that the delimiting period shall be ten years after the date on which the entitlement is transferred or ten years after the veteran's last discharge or release from active duty, whichever is earlier. A surviving spouse is not entitled to educational assistance under this section by virtue of the service of another person during any period during which the surviving spouse is remarried.

"(d) The total amount of educational assistance available to a veteran entitled to educational assistance under section 1646 of this title and to the veteran's spouse and dependent children is the amount of educational assistance to which the veteran is entitled. If more than one person is being provided educational assistance for the same period by virtue of the entitlement of the same veteran, the subsistence allowance authorized by section 1648(b) of this title shall be divided in such manner as the person may specify or (if the person fails to specify) as the Secretary concerned may prescribe.".

(b) The table of chapters at the beginning of such title and at the beginning of part III of such title are each amended by adding below the item relating to chapter 32 the following new item:

"33. Armed Forces Educational Assistance Program.".

(c) Chapter 32 of title 38, United States Code, relating to the post-Vietnam-era veterans' educational assistance program, is amended by adding at the end thereof the following new section:

"§ 1644. Termination of program

"No person who enters the military service after September 30, 1981, and who is eligible to earn educational assistance entitlement under chapter 33 of this title shall be eligible to participate in the program provided for in this chapter after such date, and no person who entered the military service before such date shall be eligible to participate in such program after September 30, 1983. The preceding sentence shall not be construed to deny benefit payments under this chapter to any eligible veteran who was a participant before the applicable termination date specified in the preceding sentence.".

(d) Clause (4) of section 1795 of title 38, United States Code, relating to limitation on period of assistance under two or more programs, is amended by inserting "33," after "chapters 31,".

SEC. 3. (a) The Administrator of Veterans' Affairs and the Secretary of Defense, not later than ninety days after the date of enactment of this Act, shall submit to the Congress a joint report containing their respective plans for implementing the educational assistance program provided for under chapter 33 of title 38, United States Code, as added by section 2 of this Act.

(b) The Secretary of Defense shall report to the Congress semiannually on the effect that the educational assistance program provided for under chapter 33 of title 38, United States Code, as added by section 2 of this Act, has had on the number and quality of individuals entering the Armed Forces. Each such report shall include—

(1) the number of original enlistments in the Armed Forces, the number of first reenlistments, and the number of other volunteers for active duty during the preceding six-month period;

(2) the retention and attrition rates in the Armed Forces during the preceding six-month period;

(3) a comparison of the enlistment, reenlistment, retention, and attrition rates in the Armed Forces during the preceding six-month period with those for a comparable period in each of the preceding five years; and

(4) such other pertinent information as the Secretary deems appropriate.

[No. 38]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., July 21, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your requests for the views of the Veterans' Administration on S. 5, S. 7, S. 25, S. 26 (Title V), S. 48, S. 417, S. 742, and S. 899, 97th Congress, bills which would provide GI Bill type educational benefits for servicemembers, veterans, and their dependents.

S. 5, a bill known as the "Armed Forces Educational Assistance Act of 1981," would establish a new educational assistance program to be included as new chapter 33 of title 38, United States Code. The stated purposes of the new chapter are to demonstrate that an improved educational assistance program for persons serving on active duty will exact honorable service from such persons; increase the rate of retention in the military; increase military recruitment; and generally enhance the quality of military readiness.

S. 5 proposes a new contributory educational assistance program for those persons who serve on active duty for specified periods after September 30, 1981. Those who serve between 36 and 48 months on active duty and also agree to serve for 3 years in the Ready Reserve would be entitled to 18 months of educational assistance. Those who serve between 48 and 72 months on active duty and also agree to serve for 4 years in the Ready Reserve, or who serve at least 72 months on active duty, would be entitled to 36 months of educational assistance. The assistance provided would consist of a subsistence allowance of up to $300 per month for full-time study and a tuition assistance component of up to $1,500 per school year.

An eligible veteran would generally have 6 years after discharge or release in which to receive benefits under the new program. Another key feature in S. 5 would permit eligible veterans who have served on active duty for 16 years as of September 30, 1987, or any time thereafter, to transfer entitlement under the new program to a spouse or children. Such a transfer would be fully revocable by the veteran, and transferred benefits could be used by the transferee for 10 years after the transfer or 10 years after the veterans' last discharge or release from active duty, whichever is earlier.

S. 7 would establish a new program of educational assistance for veterans and for members of the Armed Forces. The stated purpose of the new program is "to recognize that a program of educational benefits provided to veterans and active duty personnel fulfills our Nation's commitment to reward honorable service and provides for qualified military personnel." Administration of the new program would be vested in the Veterans' Administration.

Eligibility for the educational assistance program proposed in S. 7 is provided to those individuals serving on active duty after September 30, 1981. To be eligible, an individual must serve on active duty for 2 years or more after that date and be discharged or released therefrom (a) under conditions other than dishonorable, (b) for a service-connected disability, or (c) later establish a disability as being service-connected. Individuals who remain on active duty beyond the 2-year period shall be eligible for educational assistance benefits.

An eligible veteran would accrue 1½ months of entitlement to educational assistance for each month or fraction thereof served on active duty after September 30, 1981. Maximum entitlement is 36 months. Thus, an individual would receive maximum entitlement after serving for 2 years. Alternative eligibility and entitlement is provided for individuals who, after September 30, 1981, perform 4 years of satisfactory Selected Reserve service. Entitlement would accrue at the same rate for active duty personnel—1½ months for each month of reserve service, to a maximum of 36 months.

The amount of educational assistance provided eligible veterans would be $400 per month for full-time pursuit, with lesser amounts determined by the Administrator for part-time pursuit. Those deriving eligibility from reserve service would be paid one-half of the rate for other eligible veterans. The eligibility period in which benefits may be paid is 10 years from a veteran's last discharg or release from active duty or from an individual's completion of 4 years of reserve service. Extensions of the eligibility period are available for those prevented from completing their programs because of disability, discharge character requirements, or prisoner-of-war status. The bill would also permit program pursuit in-service, provided the individual has served on active duty for 2 years after September 30, 1981.

Additional features of the proposal would permit eligible veterans who have served on active duty for at least 8 years to transfer entitlement to a spouse or dependent child; provide education loan eligibility to eligible veterans; and extend the termination date of the current chapter 34 education program (December 1989) to permit those eligible thereunder to receive benefits until 4 years after their last discharge or release from active duty.

S. 25 is a bill known as the "G.I. Education Assistance Act of 1981." This measure would establish two new programs of educational assistance for members of the Armed Forces, veterans, and their dependents. These new programs would be included as new chapters 29 and 30 of title 38, United States Code.

The basic new program contained in proposed chapter 29 would be known as the "Peacetime Veterans' Educational Assistance Program." It would provide benefits to those serving on active duty for 2 or more years after December 31, 1980, and who are discharged or released under honorable conditions, for hardship, for the good of the service, or for a service-connected disability. The discharge requirement would be waived for those completing the lesser of 2 years on active duty or their first period of obligated service which began after December 31, 1980. If the individual has received or is entitled to receive an enlistment bonus, the period of active duty which qualified the person for the bonus would not count for educational benefits purposes.

Under the new chapter 29, an individual would generally accrue 27 months of entitlement for the first 24 months of active duty, and 1 month of entitlement for each succeeding month on active duty, to a maximum of 36 months of entitlement. Full-time students would receive $250 per month as a subsistence allowance and up to $2,500 per school year in tuition assistance. Generally, a veteran would have 10 years following discharge or release from active duty in which to receive chapter 29 benefits.

The second major program of educational assistance contained in S. 25 would establish a new chapter 30 of title 38, to be known as the "Career Serviceperson's Education Assistance Program." Under this new program, eligible persons with at least 6 years of active duty could elect to enroll in the program and participate by making monthly contributions. These contributions could range from $25 to $100, to a maximum of $12,000. The individual's contributions would be matched $2 for $1 by the Department of Defense, making up to $36,000 available for education. In addition, the Secretary of Defense would have authority to contribute even more to the fund, to the extent deemed necessary or appropriate to encourage military retention.

The contributory educational assistance described above could be transferred to an eligible veteran's spouse or children, and any transfer made by the veteran could be revoked. The transferee would have 10 years following the transfer, or 10 years following the veteran's last discharge or release, whichever is later, in which to receive benefits. Educational benefits to all persons eligible under S. 25 would be from Department of Defense appropriations, rather than Veterans' Administration appropriations.

Other provisions in S. 25 would terminate eligibility to participate in the current chapter 32 (VEAP) contributory program for those individuals made eligible under the new programs. Further, title 10, United States Code, would be amended to permit certain servicemembers to take educational leaves of absence to pursue educational programs of up to 12 months.

Title V of S. 26 proposes to establish a new "Post-Vietnam Recruitment, Retention, and Readjustment Assistance Program" for those individuals who serve on active duty for a period of 2 or more years after December 31, 1976. This would be accomplished through the addition of a new chapter 33 to title 38. The purpose of the program is to recognize that a program of educational, vocational and employment benefits provided to veterans and active duty personnel fulfills our Nation's commitment to reward honorable service and provide for qualified military personnel.

Individuals would earn entitlement to educational assistance at the rate of 1 month for each month or fraction thereof of the individual's active duty after December 31, 1976. The secretary of the service concerned could authorize entitlement at the rate of 1½ months of assistance for each month or fraction thereof of service on active duty after October 1, 1981, based on military occupational specialties or other critical manpower areas.

Entitlement would be limited to 45 months and the individual would have to utilize the benefit no later than 10 years following his or her last discharge or release from active duty after December 31, 1976.

Educational assistance would be authorized at the same rates as those now payable to veterans pursuing programs of education under the GI Bill. A single veteran pursuing a full-time institutional program under the GI Bill, for example, is entitled to $342 per month. Higher rates are payable to veterans who have dependents.

Those eligible under this proposed new program would be eligible for educational loans; and individuals could choose to have the rate of their monthly assistance increased to cover the cost of their educational expenses provided they have their entitlement period reduced proportionately.

An individual entitled to educational assistance under the proposed new chapter who has served on active duty for a period of 8 years or more could elect to transfer all or any part of his or her entitlement to the individual's spouse or to a dependent child or children. Such a transfer may be revoked at any time and the spouse or child to whom entitlement is transferred would be entitled to use such entitlement in the same manner and in the same amount as the veteran, except that, if the veteran is still on active duty, the delimiting date applicable to the spouse or child would be 6 years after the date the actual transfer is made. If a transfer is made to more than one individual, the entitlement shall be divided in such manner as the veteran shall specify, or, if the veteran fails to so specify, the amount of each shall be determined by the Administrator of Veterans Affairs.

Individuals who, after October 1, 1981, agree to perform 4 or more years of satisfactory service as members of the Selected Reserve of the Ready Reserve would be entitled to educational assistance for a period of 1½ months for each month spent on active duty for training and 1 month for every 2 months of such persons' service in the Selected Reserve. Maximum entitlement for reserve duty would be set at 36 months. Benefits would be based upon the amount paid under the GI Bill and individuals would be required to use their entitlement within 10 years after the date on which they initiate a program of education under this authority. An individual who is eligible for benefits under the current chapter 31 (vocational rehabilitation) and/or chapter 34 (GI Bill) programs, as well as the new program for reserves, could receive as much as 64 months of benefits under the combined programs. Utilization of the benefit may commence upon successful completion of active duty for training and 6 months of reserve duty.

S. 48, known as the "Armed Forces Earned Educational Assistance Act," would establish a new program of educational assistance targeted at enlisted members of the military, and their dependents. This new program would be included as new chapter 107 of title 10, United States Code. The stated purposes of the new chapter are to demonstrate that educational assistance will exact honorable service from Armed Forces enlistees; to foster retention in the military; and generally to benefit both the military service and the individual volunteer.

S. 48 proposes a new noncontributory program of educational assistance for high school graduates (or the equivalent) who perform the requisite enlisted service after enactment of the new program. Those who enlist or reenlist for the first time, and who are designated as having critical military skills, would earn 18 months of entitlement after 24 months of active duty; another 6 months during the next 12 months on active duty; and another 12 months during the fourth 12-month period on active duty. Those individuals who are designated as having noncritical skills would earn 12 months of entitlement upon completing 2 years of active duty, and an additional 1 month for each 2 months of active duty beyond the first 2 years. Maximum entitlement for all individuals would be 36 months. The amount and circumstances of benefit payments would equate to the current chapter 34 GI Bill program, which now pays an eligible, single veteran $342 per month for full-time institutional study.

Other features of S. 48 would permit in-service pursuit of education under the program; provide a 10-year period of eligibility following the individual's last discharge from active duty; and provide that appropriations and expenditures under the new program be considered functions of the Department of Defense, rather than the Veterans' Administration.

S. 417 is known as the "All-Volunteer Force Educational Assistance Act" and would establish a new program of educational assistance in new chapter 30 of title 38, United States Code. The purposes of the new chapter are to promote and assist the All-Volunteer Force program by establishing an improved educational assistance program; to help in recruitment and retention of well-qualified individuals; and to provide individuals with assistance in obtaining an education they might not otherwise be able to afford.

Basic educational assistance under the proposed new chapter 30 would be provided those entering a period of active duty after June 30, 1981, and serving either 3 years on active duty or 2 years on active duty, plus a 4-year Ready Reserve obligation. These individuals would be entitled to benefits of up to $250 per month for 36 months. Supplemental educational assistance would be payable to those eligible for basic benefits, who have received a high school diploma or equivalency certificate, and who serve either 6 years on active duty or 4 years on active duty, plus a 4-year Ready Reserve obligation. The amount of supplemental assistance would be $375 for each consecutive month in excess of 36 months served on active duty, up to a maximum of $13,500. An eligible veteran pursuing full-time training could elect to receive his or her supplemental benefits in amounts ranging from $250 to $500 per month, and could elect to receive them concurrently with the basic benefits. Another requirement for receipt of supplemental benefits is an honorable discharge, whereas eligibility for basic benefits would require an other than dishonorable discharge.

In addition to the basic and supplemental benefits outlined above, S. 417 would authorize the Secretary of Defense to increase those levels to the extent deemed necessary and appropriate to assist in recruitment and retention of personnel in specified categories. Moreover, the secretaries of the service departments would be authorized to permit eligible veterans with 10 or more consecutive years on active duty, including service in a specified category, to transfer entitlement to one or more dependents. The transfer could be made or changed in any way by the veteran any time such veteran remains eligible to use his or her entitlement.

Generally, an eligible veteran could receive benefits in the 10 years after such veteran's last discharge or release from active duty. Children to whom entitlement has been transferred would have eligibility for 10 years after they reach 18 years of age or 10 years from the date the veteran becomes eligible by virtue of a change in discharge, whichever is later. Spouses to whom entitlement has been transferred could receive benefits for 10 years after the veteran completes 10 consecutive years on active duty, or after the veteran becomes eligible based on a change of discharge, whichever is later.

S. 417 provides that all payments for basic benefits entitlement used by the veterans themselves are to be made from Veterans' Administration appropriations. All other payments (basic benefits transferred to and used by a dependent, supplemental benefits received by veterans and transferees, and any additional amounts of basic and/or supplemental benefits as increased by the service secretaries) are to be made from the Department of Defense appropriations.

S. 417 would also amend the current termination date of the chapter 34 program by permitting eligible veterans whose last discharge or release occurs after December 31, 1979, to receive chapter 34 benefits until 5 years after the veteran first begins pursuing a program of education (provided the veteran initiates the pursuit within 2 years of discharge or release) or December 31, 1989, whichever is later. The bill would further amend the chapter 32 contributory educational assistance program (VEAP) by barring initial enrollment in that program as of January 1, 1982, and by disenrolling from the VEAP program all participants who become eligible for basic benefits under the new chapter 30.

S. 742, the "Veterans' Education and Training Program Act of 1981," would establish two new programs of educational assistance for servicemembers, veterans, and dependents, to be included as new chapters 29 and 30 of title 38, United States Code. The stated purposes of the basic program are to provide educational benefits as an inducement to honorable service by military enlistees; to foster retention in the regular and reserve components of the Armed Forces; and generally to benefit both the military and the individual volunteer.

Proposed chapter 29, as contained in S. 742, would create a noncontributory educational assistance program for persons enlisting or reenlisting in the Armed Forces on or after the date of enactment of the chapter. Those who serve until the end of the first 24 months on active duty accrue 18 months of entitlement to educational assistance; those continuing on active duty another 12 months gain an additional 6 months of benefits; and those remaining on active duty for another 12-month period would receive 12 more months of benefits. Maximum entitlement is 36 months. The amount and circumstances of the benefit payment would be the same as under the current GI Bill program (chapter 34), which now provides a single veteran with $342 per month for full-time institutional study. Funding of this new chapter would be by the Veterans' Administration.

Proposed chapter 30 would establish a contributory educational assistance program for enlisted members with at least 6 years on active duty. Such veterans would be permitted to enroll in the program and participate by making contributions into a matching fund. The individual contributions would range from $25 to $100 monthly, to a maximum of $6,000, and would be matched by the Department of Defense on a $2 for $1 basis. Thus, with the maximum contribution, an individual could accrue $18,000 in his or her fund. In addition, the

Secretary of Defense would have authority to add even more money to an individual's fund for the purpose of encouraging that person to remain in the Armed Forces. Eligible veterans could transfer any contributory benefits to a spouse or children, and could revoke such transfer at any time. Funding of this new chapter would be by the Department of Defense.

S. 899 is designed to provide a noncontributory educational assistance program for veterans and members of the Armed Forces in order to recognize "satisfactory and honorable service." The new program would be included as a new chapter 44 of title 38, United States Code. The stated purposes of the proposed new chapter are to provide a meaningful benefit to those who faithfully and honorably serve in the military, and to encourage and assist such persons in their self-improvement by supplementing their educational costs.

To be eligible for benefits under S. 899, the person must enter, reenlist, or extend an active duty tour after September 30, 1981, and serve 6 years on active duty, or 4 years on active duty with a 2-year Ready Reserve obligation, or 3 years on active duty with a combined 3-year Ready/Individual Reserve obligation, or 2 years on active duty with a combined 4-year Ready/Individual Reserve obligation. An honorable discharge or a certificate of honorable service would generally be required. Entitlement to benefits would accrue at 1 and 1½ months for each 1 month of active duty, and 1 month for each month in a reserve component, to a maximum of 36 months. The amount of monthly subsistence for full-time study would be $400 for each month of entitlement earned for active duty service and $200 for each month of entitlement earned for reserve duty.

Persons eligible for educational assistance under S. 899 would be permitted to transfer unused entitlement under the new chapter 44, or chapters 32 (VEAP program) or 34 (GI Bill program), to their children, under regulations prescribed by the Secretary of Defense. Further, upon certification by the Secretary that an "expansion" of the benefits provided under the new chapter 44 is required for recruitment and retention purposes, the Administrator would be empowered to expand such benefits. The method of such an expansion, as well as the additional benefits to be provided, would be determined jointly by the Administrator and the Secretary of Defense, and would be reported by the Administrator to the Congress within 180 days of the effective date of such expansion.

S. 899 would also repeal the current December 31, 1989, termination date of the chapter 34 educational assistance program. There is also a prohibition against earning entitlement under chapter 44 for any period of active duty for which an individual earns entitlement under the chapter 32 (VEAP) program.

The Veterans' Administration opposes the enactment of any new GI Bill program at this time. The basis for this opposition is that there are currently on the statute books three education programs designed to aid servicemembers, veterans, and, in some cases, their dependents. The three programs are the Post-Vietnam Era Veterans' Educational Assistance Program, the new program enacted last fall in the Department of Defense Authorization Act, 1981, and finally the current GI Bill. The first two of these are still in the test stage.

The Post-Vietnam Era program, commonly known as VEAP, was enacted in 1976 for the purpose, among others, of assisting the all-volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces. Under VEAP, those individuals entering active duty on or after January 1, 1977, may make monthly contributions to help finance their own programs of education in an amount as low as $25 and as high as $100 to a maximum of $2,700. An individual may utilize the benefits of this program after completion of his or her first obligated period of active duty or 6 years of active duty, whichever period is less, or after discharge or release from service. The Veterans' Administration will match the individual's contribution on a $2 for $1 basis. Thus, on the contributory basis alone, the individual can receive up to $8,100 in educational assistance ($2,700 maximum in individual contributions plus $5,400 in matching VA funds).

In addition to the individual contributions, the law also permits the Department of Defense to add what has come to be known as the DoD "kickers." These kickers can be in varying amounts up to $12,000 and, when added to the monthly contributions plus matching funds, can provide an individual with as much as $20,100 in educational benefits. They are paid primarily to individuals with specialties and skills in which there is a shortage of personnel for enlisting in the military.

It should also be pointed out that, in the enactment last fall of the Department of Defense Authorization Act, 1981, the Congress provided that, under certain circumstances, the Department of Defense may pay the monthly contributions of an individual, and, under certain circumstances, an individual eligible for VEAP benefits may transfer such entitlement to a dependent or dependents if he or she reenlists between December 1, 1980, and September 30, 1981. In addition, in enacting Public Law 96–466 last October, the Congress provided authority under which individuals may make lump-sum contributions. However, the total contribution by or on behalf of an individual may not exceed the $2,700 limitation.

In enacting this contributory program, the Congress specifically provided in Public Law 94–502 that this was to be a test program. It did so by calling on the President to make a recommendation to the Congress by June 1, 1981, should he decide to continue to permit new enrollments in the program after December 31, 1981. It also provided that, should the President make such a recommendation, the House or the Senate could disapprove that recommendation. On May 30, 1981, the President recommended that the VEAP program be continued beyond December 31, 1981. In his message to the Congress, the President stated that this would permit the Administration to complete its evaluation and review of both the VEAP and the Department of Defense test programs with a view toward developing legislative recommendations anticipated for submission in early 1982.

Recently, the Veterans' Administration transmitted to the Congress a legislative proposal authorizing a 1-year extension of the VEAP program. In his May 30, 1981, message to Congress, the President urged enactment of that proposal.

We would also like to point out that, in filing their conference report on the Department of Defense Authorization Act, 1981 (House Report No. 96–1222, p. 100), last year, the conferees recommended that "the current VEAP Program funded by the Veterans' Administration be extended to June 30, 1982, in order to provide sufficient time for the Department of Defense to test and evaluate the pilot programs contained in the conference report." This recommendation continues to have validity since all of these test programs require time for proper evaluation.

The most recent statistics available to us on VEAP show that through June of this year, 360,665 individuals have signed up and have made contributions to the program. Of this total, 188,717 are currently having deductions made from their military pay; 62,622 have terminated their contributions, but have not requested any refund thereby having funds available for use; and 109,326, for various reasons, have had their allotments terminated and have received refunds of their contributions. Thus, of the total number of contributors to the program, only slightly more than 30 percent have withdrawn entirely from the program. As of the same date, 6,900 individuals had entered training under the VEAP program.

The second education benefit program, alluded to earlier in this report, was established in the Department of Defense Authorization Act, 1981. This is a pilot program under which certain individuals who enlist or reenlist in the Armed Forces on or after October 1, 1980, and before October 1, 1981, are to be provided educational assistance. Under this program, those eligible would be entitled to tuition and fees in an amount up to $1,200 for an academic year (9 months) for pursuit of an education program plus a subsistence allowance of $300 per month based on full-time pursuit. The extent of the benefit would be premised on the time the individual serves on active duty. The maximum entitlement would be 4 academic years. This program also allows the member upon his or her reenlistment to transfer the earned benefit to his or her dependents or to cash out this benefit at 60 percent of its value.

The Department of Defense has been actively testing this latter program to determine its potential effectiveness.

The third program, administered by the Veterans' Administration, is, of course, the current GI Bill. This provides educational assistance for those individuals who entered military service after January 31, 1955, and before January 1, 1977, as well as those individuals who were placed in the Delayed Entry Program prior to that date, were assigned to a reserve unit, and entered on active duty before January 1, 1978.

This program, unlike the VEAP program, was intended primarily to provide readjustment assistance to returning veterans and does not require the individual to make any contributions toward his or her own education. Single individuals are eligible for education assistance up to $15,390 on the basis of pursing a program of education full time at an institution of higher learning ($342 per month for a maximum of 45 months). Where the individual has dependents, the maximum benefit would be even greater.

In addition to the monthly educational assistance allowance, those individuals who need additional financing to pursue their education are, if they meet the necessary financial tests, eligible for VA education loans up to $2,500 per academic year. Individuals are also eligible to participate in the VA's work-study program under which they can earn up to $837.50 for performing 250 hours of work for the VA during a semester or comparable period of time.

Thus, it can readily be seen that considerable amounts of money are currently available to many individuals who wish to pursue their education.

The question of what steps should be taken to provide greater incentives for increasing and maintaining the size of our Armed Forces is quite complicated. It involves such concerns as whether to expand the current contributory education program, how our Armed Forces are to be structured, whether to extend or expand the newest test education program, the tie-in with other remuneration of our Armed Forces, and budgetary considerations, among others.

It is our recommendation that the Congress defer action at this time on any new education program until such time as the results of the studies of the VEAP program and the new DOD program have been completed. This will allow time for a thorough examination of the specific objectives of any potential new program and how it will fit into budgetary considerations in the future.

Secretary of Defense Weinberger, in testimony earlier this year before the Senate Committee on Armed Services, put it this way:

> The purpose of the test is to find out which programs will work best to recruit and retain the people we need. We will report on the test and on the basis of the results, recommend a permanent program in time for next year's authorization hearings. To do so before those test results are known would be premature and frustrate the study mandated by the Congress. What we do not want and need is legislation that hinders rather than helps the total All-Volunteer Force.

The Veterans' Administration supports the position that enactment of a new educational assistance program at this time would be premature.

We are enclosing, as an attachment to this report, cost estimates on each of these measures.

We are advised by the Office of Management and Budget that there is no objection to the submission of this report, and that enactment of a 1-year extension of the VEAP program would be in accord with the program of the President.

Sincerely,

ROBERT P. NIMMO,
Administrator.

Enclosure.

ATTACHMENT

COST ESTIMATE—S. 5

Fiscal year	Trainees	Direct benefits cost [in thousands]	Man-years	Administrative cost [in thousands]
1982				
1983				
1984				
1985	18,900	$11,200	26	$609
1986	42,800	106,700	59	1,393
5-yr total		117,900	85	2,002

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COST ESTIMATE—S. 7

Fiscal year	Trainees	Direct benefits cost [in thousands]	Man-years	Administrative cost [in thousands]
1982	2,800	$1,500	4	$135
1983	9,000	14,200	14	671
1984	51,700	116,100	83	2,834
1985	134,300	321,200	212	6,600
1986	278,900	634,300	448	14,403
5-yr total		1,087,300	761	24,643

COST ESTIMATE—S. 25

Fiscal year	Trainees	Direct benefits cost [in thousands]	Man-years	Administrative cost [in thousands]
1982	4,600		40	$788
1983	30,600		42	965
1984	87,200		120	2,781
1985	187,600		258	6,044
1986	313,100		430	10,191
5-yr total			890	[1] 20,769

COST ESTIMATE—S. 26 (TITLE V)

Fiscal year	Trainees	Direct benefits cost [in thousands]	Man-years	Administrative cost [in thousands]
1982	251,200	$559,000	489	$10,268
1983	232,200	742,400	498	12,154
1984	402,700	983,200	604	14,894
1985	474,100	1,048,600	710	17,705
1986	552,300	1,238,300	797	20,807
5-yr total		4,491,500	3,098	75,828

COST ESTIMATE—S. 48

Fiscal year	Trainees	Direct benefits cost [in thousands]	Man-years	Administrative cost [in thousands]
1982				
1983				
1984	38,400		53	$1,225
1985	126,700		174	4,082
1986	246,200		338	8,014
5-yr total			565	[2] 13,321

COST ESTIMATE—S. 417

Fiscal year	Trainees	Direct benefits cost [in thousands]	Man-years	Administrative cost [in thousands]
1982				
1983	400	$100		
1984	10,800	9,300	15	$415
1985	65,400	93,600	90	2,532
1986	156,300	229,800	215	6,104
5-yr total		332,800	320	9,051

COST ESTIMATE—S. 742

Fiscal year	Trainees	Direct benefits cost [in thousands]	Man-years	Administrative cost [in thousands]
1982				
1983				
1984	41,000	$76,000	56	$1,312
1985	132,000	279,500	182	4,267
1986	254,200	561,100	350	8,303
5-yr total		916,600	588	13,882

COST ESTIMATE—S. 899

Fiscal year	Trainees	Direct benefits cost [in thousands]	Man-years	Administrative cost [in thousands]
1982	2,800	$1,500	4	$88
1983	21,500	31,700	30	678
1984	41,200	64,300	57	1,314
1985	68,000	118,200	93	2,191
1986	104,200	195,100	143	3,392
5-yr total		410,800	327	7,663

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[1] Estimate does not include any programing costs which might be incurred. Benefits costs would be paid by the Department of Defense, but the Veterans' Administration would administer the program. Therefore, the costs reflected are only the administrative costs.

[2] Benefits costs would be paid by the Department of Defense, but the Veterans' Administration would administer the program. Therefore, the costs reflected are only administrative costs.

[No. 43]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

General Counsel of the Department of Defense,
Washington, D.C., July 27, 1981.

Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Reference is made to your request for the views of the Department of Defense on the following bills in the 97th Congress: S. 5, "Armed Forces Educational Assistance Act of 1981"; S. 7, "Veterans' and Servicemembers' Education Benefits Act of 1981"; S. 48, "Armed Forces Earned Educational Assistance Act"; S. 417, "All-Volunteer Force Educational Assistance Act"; and S. 899, "To provide a noncontributory educational program for veterans and members of the Armed Forces of the United States in order to recognize satisfactory and honorable service, and for other purposes."

During fiscal year 1981 the Department is conducting several educational assistance test programs. These programs test educational proposals similar to several provisions of these bills. The test programs will be completed in October 1981. In a message to the Congress on May 30, 1981, the President recommended that, in view of this effort, the current Veterans' Education Assistance Program (VEAP) be extended for 1 year beyond its current termination date of December 31, 1981. The President pointed out that this will permit the Administration to complete its review of both VEAP and the test programs, and will provide time for the submission of legislative recommendations that he anticipates will be submitted in early 1982.

Accordingly, the Department of Defense is opposed to any new educational program for military personnel until the Congress has had an opportunity to consider those recommendations.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Congress.

Sincerely,

L. Niederlehner
(For William H. Haft, IV).

[No. 50]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., August 6, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your requests for the views of this Office on S. 5, S. 7, S. 25, S. 26 (title V), S. 48, S. 417, S. 742, and S. 899. All of these bills would provide new educational assistance programs for servicemembers, veterans, and their dependents.

As indicated in testimony and reports by the Veterans' Administration and the Department of Defense to your Committee on these bills, the Administration is currently reviewing the existing Veterans' Education Asssitance Program (VEAP) and the pilot program enacted in the 1981 Department of Defense Authorization Act. Accordingly, the Administration does not favor enactment of a new education program for servicemembers and veterans at this time.

In his message of May 30, 1981, to the Congress on this subject, the President stated:

> Over the next several months the Administration will be continuing its evaluation and review of both the VEAP and Department of Defense test program, with a view towards developing legislative recommendations regarding education programs for servicemembers and veterans. In view of this effort, I am recommending that the VEAP program be continued beyond its current termination date of December 31, 1981. This will permit the Administration to complete its review and will provide time for submission of legislative recommendations that I anticipate will be submitted in early 1982.

In view of the foregoing, we recommend deferring action on any new education program.

Sincerely,

JAMES M. FREY,
Assistant Director for
Legislative Reference.

(1)

II

97TH CONGRESS
1ST SESSION

S. 7

To amend title 38, United States Code, to provide a new educational assistance program for veterans and persons who serve on active duty with the Armed Forces after September 30, 1981, and for persons who perform service in the Selected Reserve of the Ready Reserve of an Armed Force after such date, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 5, 1981

Mr. THURMOND introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to provide a new educational assistance program for veterans and persons who serve on active duty with the Armed Forces after September 30, 1981, and for persons who perform service in the Selected Reserve of the Ready Reserve of an Armed Force after such date, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' and Servicemembers' Education Benefits Act of 1981".

SEC. 2. (a) Title 38, United States Code, is amended by adding after chapter 32 the following new chapter:

"CHAPTER 33—VETERANS' AND SERVICEMEMBERS' EDUCATION BENEFITS PROGRAM

"Sec.
"1645. Findings and purpose.
"1646. Definitions.
"1647. Eligibility; entitlement.
"1648. Time limitations for completing a program of education.
"1649. Educational assistance allowance.
"1650. Program requirements.
"1651. Educational assistance for certain members of reserve components.
"1652. Right of an eligible veteran to transfer entitlement to spouse or children.

"§ 1645. Findings and purpose

"(a) The Congress finds that a broad range of educational programs designed to recruit, retain, and reward honorable service in the Armed Forces is in the best interests of the individual and of the Nation.

"(b) The purpose of this chapter is to recognize that a program of educational benefits provided to veterans and active duty personnel fulfills our Nation's commitment to reward honorable service and provides for qualified military personnel.

"§ 1646. Definitions

"For the purpose of this chapter—

"(1) The term 'eligible veteran' means any veteran who (A) served on active duty for a period of 2 years or more after September 30, 1981, and was discharged or released therefrom under conditions other than dishonorable, (B) was discharged or released from active duty after such date for a service-connected disability, or (C) was discharged or released from active duty after such date, and a physical or mental disability is later established, consistent with other provisions of this title, as having resulted from an injury or disease incurred or aggravated during the period of active service completed by such veteran, if such disability is not the result of the veterans willful misconduct nor incurred during a period of unauthorized absence.

"(2) The requirement of discharge or release, prescribed in paragraph (1), shall be waived in the case of any individual who has served more than 2 years in an active duty status (after September 30, 1981) for so long as such individual continues on active duty without a break therein.

"(3) For the purposes of paragraphs (1) and (2), the term 'active duty' does not include any period during which an individual (A) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (B) served as a cadet or midshipman at one of the service academies, or (C) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"§ 1647. Eligibility; entitlement

"(a) Except as otherwise provided in this section, each eligible veteran shall be entitled to educational assistance under this chapter for a period of 1½ months (or the equivalent thereof in part-time educational assistance) for each month or fraction thereof of the veteran's service on active duty after September 30, 1981.

"(b) Whenever the period of entitlement under this section of an eligible veteran who is enrolled in an educational institution regularly operated on the quarter or semester system ends during a quarter or semester, such period shall be extended to the termination of such unexpired quarter or semester. In educational institutions not operated on the quarter or semester system, whenever the period of eligibility ends after a major portion of the course is completed such period shall be extended to the end of the course or for 12 weeks, whichever is the lesser period.

"(c) Eligible veterans under this chapter shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"(d) Except as provided in subsection (b) of this section, and subchapter V of chapter 34 of this title, no eligible veteran shall receive educational assistance under this chapter in excess of 36 months.

"§ 1648. Time limitations for completing a program of education

"(a) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date 10 years after the veteran's last discharge or release from active duty after September 30, 1981; except that any eligible veteran who was prevented from initiating or completing such veteran's chosen program of education within such time period because of a physical or mental disability which was not the result of such veteran's own willful misconduct shall, upon application, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines, from the evidence, that such veteran was prevented from initiating or completing such program of education.

"(b) In the case of any eligible veteran who has been prevented, as determined by the Administrator, from completing a program of education under this chapter within the period prescribed by subsection (a), because the veteran had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, or the correction of the military records of the proper service department under section 1552 of title 10, the 10-year delimiting period shall run from the date the veteran's discharge or dismissal was changed, corrected, or modified.

"(c) In the case of any eligible veteran (1) who became eligible for educational assistance under the provisions of this chapter, and (2) who, subsequent to the veteran's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing the veteran's 10-year period of eligibility for educational assistance, any period during which the veteran was so detained and any period immediately following the veteran's release from such detention during which the veteran was hospitalized at a military, civilian, or Veterans' Administration medical facility.

"§ 1649. Educational assistance allowance

"The Administrator shall pay to each eligible veteran pursuing a program of education under this chapter an educational assistance allowance of $400 per month (or an appropriate portion thereof, as determined under regulations which the Administrator shall prescribe, in the case of an eligible veteran pursuing a program of education on a part-time basis).

"§ 1650. Program requirements

"Except as otherwise provided in this chapter, all the provisions of chapters 34 and 36 shall be applicable to the educational assistance program provided for in this chapter.

The Administrator may, by regulation, make appropriate adjustments in the applicability of the provisions of chapters 34 and 36 of this title to the program provided for in this chapter when the Administrator determines such action is necessary or appropriate because of differences in amounts prescribed for educational assistance allowances or differences in eligibility for benefits under such programs.

"§ 1651. Educational assistance for certain members of reserve components

"(a) Except as otherwise provided in this section, each person who, after September 30, 1981, performs 4 years or more of satisfactory service as a member of the Selected Reserve of the Ready Reserve of a reserve component of the Armed Forces shall be entitled to educational assistance under this chapter for a period of 1½ months (or the equivalent thereof in part-time educational assistance) for each month of the person's service in the Selected Reserve.

"(b) A person eligible for educational assistance under this chapter by virtue of service in the Selected Reserve shall be eligible in the same manner and to the same extent as an eligible veteran except that the maximum entitlement that a person may earn under this section shall be 36 months, notwithstanding the provisions of section 1795 of this title, and the amount of the educational assistance allowance under section 1649 of this title shall be an amount equal to one-half of the amount that would be payable to an eligible veteran.

"(c) The delimiting date applicable to any person under this section shall be 10 years after the date on which such person completes (after September 30, 1981) 4 years of service as a member of the Selected Reserve of the Ready Reserve of a reserve component.

"(d) The Secretary of the armed force concerned shall determine, under regulations prescribed by the Secretary of Defense, whether the service performed by any person in the Selected Reserve was satisfactory for purposes of this section.

"§ 1652. Right of an eligible veteran to transfer entitlement to spouse or children

"(a) An eligible veteran who is entitled to educational assistance under this chapter and who has served on active duty in the Armed Forces for a period of 8 years or more may elect to transfer all or any part of such entitlement to such veteran's spouse or to a dependent child of such veteran. Any transfer under the preceding sentence may be revoked at any time by the veteran making the transfer.

"(b) Any transfer of entitlement under subsection (a) of this section shall be made in such manner as the Administrator shall prescribe by regulation.

"(c) A spouse or child to whom entitlement is transferred under this section is entitled to educational assistance under this chapter in the same manner and in the same amount as the veteran from whom the entitlement was transferred, except that if such entitlement is transferred while the veteran is serving on active duty, the delimiting date applicable to the spouse or child shall be 10 years after the date on which the transfer is made.

"(d) The total amount of educational assistance available to an eligible veteran under section 1647 of this title and to the veteran's spouse or children is the amount of educational assistance to which the veteran is entitled. If more than one person is being provided educational assistance for the same period by virtue of the entitlement of the same veteran, the educational assistance allowance authorized by section 1649 of this title shall be divided in such manner as the eligible veteran may specify or, if the person fails to specify, as the Administrator may prescribe, but in no case may the total amount of such assistance exceed that amount to which the veteran is entitled.".

(b) The table of chapters at the beginning of such title and at the beginning of part III or such title are each amended by adding below the item relating to chapter 32 the following new item:

"33. Veterans' and Servicemembers' Education Benefits Program.".

SEC. 3. Subsection (e) of section 1662 of title 38, United States Code, relating to the termination of educational assistance, is amended to read as follows:

"(e) No educational assistance shall be afforded any eligible veteran under this chapter or under chapter 36 of this title after December 31, 1989, or the expiration of 4 years after the veteran's last discharge or release from active duty, whichever is later.".

97TH CONGRESS
1ST SESSION

S. 25

To amend title 38, United States Code, to provide a new educational assistance program for persons who enlist, reenlist, or otherwise enter the Armed Forces after December 31, 1980, and a career serviceperson's educational assistance program, and to amend title 10, United States Code, to authorize an educational leave of absence for members of the Armed Forces.

IN THE SENATE OF THE UNITED STATES

JANUARY 5, 1981

Mr. ARMSTRONG introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to provide a new educational assistance program for persons who enlist, reenlist, or otherwise enter the Armed Forces after December 31, 1980, and a career serviceperson's educational assistance program, and to amend title 10, United States Code, to authorize an educational leave of absence for members of the Armed Forces.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "G.I. Education Assistance Act of 1981".

TITLE I—NEW GI EDUCATION PROGRAM

SEC. 101. (a) Title 38, United States Code, is amended by inserting at the beginning of part III the following new chapters:

"CHAPTER 29—PEACETIME VETERANS' EDUCATIONAL ASSISTANCE PROGRAM

"Sec.
"1401. Definitions.
"1402. Eligibility; entitlement.
"1403. Time limitations for completing a program of education.
"1404. Educational assistance; subsistence allowance.
"1405. Program requirements.
"1406. Budget function.

"§ 1401. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible veteran' means any person who (i) entered the Armed Forces after December 31, 1980, served on active duty for a period of two years or more after such date, and was discharged or released therefrom under honorable conditions, or (ii) entered the Armed Forces after December 31, 1980, and was discharged or released therefrom under honorable conditions after such date for hardship reasons, for the good of the service, or for a service-connected disability.

"(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of any person who has completed such person's period of obligated active duty (which began after December 31, 1980) or two years of active duty (which began after December 31, 1980), whichever period is less.

"(C) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The terms 'program of education' and 'educational institution' shall have the same meaning ascribed to them in subsections (b) and (c), respectively, of section 1652 of this title.

"§ 1402. Eligibility; entitlement

"(a)(1) Except as otherwise provided in this section, each eligible veteran shall be entitled to educational assistance under this chapter for a period of twenty-seven months (or the equivalent thereof in part-time educational assistance) for the first twenty-four months of such veteran's service on active duty after December 31, 1980, and one month of educational assistance (or the equivalent thereof in part-time educational assistance) for each month of active duty served after the first twenty-four months, except that no person may earn more than thirty-six months of educational assistance under this chapter. Except as provided in paragraph (2) no person shall become entitled to any educational benefits under this chapter unless such person has completed at least two years of active duty after December 31, 1980.

"(2) An eligible veteran who is honorably discharged, or who is otherwise released from active duty under honorable conditions, for hardship reasons, for the good of the service, or for a service-connected disability before the completion of twenty-four months of active duty shall be entitled to one month of educational assistance under this chapter for each month of active duty served.

"(3) No person may earn entitlement under this chapter for any period of active duty for which such person has received or is entitled to receive an enlistment or reenlistment bonus.

"(b) Whenever the period of entitlement under this section of an eligible veteran who is enrolled in an educational institution regularly operated on the quarter or semester system ends during a quarter or semester, such period shall be extended to the termination of such unexpired quarter or semester. In educational institutions not operated on the quarter or semester system, whenever the period of eligibility ends after a major portion of the course is completed such period shall be extended to the end of the course or for 12 weeks, whichever is the lesser period.

"(c) Eligible veterans under this chapter shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"(d) Except as provided in subsection (b) of this section and in subchapter V of chapter 34 of this title, no eligible veteran shall receive educational assistance under this chapter in excess of thirty-six months.

"§ 1403. Time limitations for completing a program of education

"(a) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date ten years after the veteran's last discharge or release from active duty after December 31, 1980; except that, in the case of any eligible veteran who was prevented from initiating or completing such veteran's chosen program of education within such time period because of a physical or mental disability which was not the result of such veteran's own willful misconduct, such veteran shall, upon application made within one year after (A) the last date of the delimiting period otherwise applicable under this section, or (B) the termination of the period of such physical or mental disability, whichever is later, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines, from the evidence, that such veteran was so prevented from initiating or completing such program of education. When an extension of the applicable delimiting period is granted a veteran under the preceding sentence, the delimiting period with respect to such veteran will again begin running on the first day following such veteran's recovery from such disability on which it is reasonably feasible, as determined in accordance with regulations which the Administrator shall prescribe, for such veteran to initiate or resume pursuit of a program of education with educational assistance under this chapter.

"(b) In the case of any eligible veteran who has been prevented, as determined by the Administrator, from completing a program of education under this chapter within the period prescribed by subsection (a), because the veteran had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, the correction of the military records of the proper service department under section 1552 of title 10, or other corrective action by competent authority, then the ten-year delimiting period shall run from the date the veteran's discharge or dismissal was changed, corrected, or modified.

"(c) In the case of any eligible veteran (1) who became eligible for educational assistance under the provisions of this chapter, and (2) who, subsequent to the veteran's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing the veteran's ten-year period of eligibility for educational assistance, any period during which the veteran was so detained and any period immediately following the veteran's release from such detention during which the veteran was hospitalized at a military, civilian, or Veterans' Administration medical facility.

"§ 1404. Educational assistance; subsistence allowance

"(a) The Administrator shall pay, in the case of each eligible veteran pursuing a program of education under this chapter, the cost of such veteran's tuition and fees or $2,500 per school year (or an appropriate portion thereof, as determined under regulations which the Administrator shall prescribe, in the case of an eligible veteran pursuing a program of education on a part-time basis), whichever is less.

"(b) The Administrator shall pay to each eligible veteran pursuing a program of education under this chapter on a full-time basis a subsistence allowance of $250 per month (or an appropriate portion thereof, as determined under regulations which the Administrator shall prescribe, in the case of an eligible veteran pursuing a program of education on a part-time basis), except that an eligible veteran pursuing a program of education while serving on active duty shall not be eligible for a subsistence allowance under this chapter.

"(c) A veteran shall be considered to be pursuing a program of education on a full-time basis under this chapter at an educational institution if such veteran is considered to be full-time student under the rules and regulations of such institution.

"§ 1405. Program requirements

"Except to the extent otherwise provided in this chapter, the provisions of sections 1670, 1671, 1673, 1674, 1677, 1681(c), 1683, and 1696 of this title and the provisions of chapter 36 of this title, with the exceptions of section 1777, 1780(c), and 1787, shall be applicable to the educational assistance program provided for in this chapter.

"§ 1406. Budget function

"Appropriations and expenditures made to carry out this chapter shall be considered for budget purposes as appropriations and expenditures made for functions of the Department of Defense rather than functions of the Veterans' Administration.

"CHAPTER 30—CAREER SERVICEPERSON'S EDUCATION ASSISTANCE PROGRAM

"Subchapter I—Definitions

"Sec.
"1421. Definitions.

"Subchapter II—Eligibility; Contributions; and Matching Fund

"1431. Eligibility.
"1432. Contributions; matching fund.
"1433. Refunds of contributions upon disenrollment.
"1434. Death of participant.
"1435. Discharge or release under conditions which would bar the use of benefits.

"Subchapter III—Entitlement; Duration

"1441. Entitlement; loan eligibility.
"1442. Transfer of benefits.
"1443. Duration; limitations.

"Subchapter IV—Administration

"1451. Requirements.
"1452. Reporting requirements.
"1453. Deposits; reports.
"1454. Budget function.

"Subchapter I—Definitions

"§ 1421. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible veteran' means any veteran who has served on active duty for a period of more than six years and was discharged or released therefrom under honorable conditions.

"(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of any participant who has completed six years of active duty.

"(C) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The term 'program of education' shall have the same meaning ascribed to it in section 1652(b) of this title.

"(3) The term 'participant' is a person who is participating in the educational benefits program established under this chapter.

"Subchapter II—Eligibility; Contributions; and Matching Fund

"§ 1431. Eligibility

"(a) Each person who is serving on active duty and who has completed six years of active duty shall have the right to enroll in the educational benefits program provided by this chapter (hereinafter in this chapter referred to as the 'program' except where the text indicates otherwise) at any time during such person's service on active duty. When a person elects to enroll in the program, such person must participate for at least twelve consecutive months before disenrolling or suspending participation.

"(b) The requirement for twelve consecutive months of participation required by subsection (a) of this section shall not apply when (1) the participant suspends participation or disenrolls from the program because of personal hardship as defined in regulations issued jointly by the Administrator and the Secretary of Defense (hereinafter in this chapter referred to as the 'Secretary'), or (2) the participant is discharged or released from active duty.

"(c) A participant shall be permitted to suspend participation or disenroll from the program at the end of any twelve-consecutive-month period of participation. If participation is suspended, the participant shall be eligible to make additional contributions to the program under such terms and conditions as shall be prescribed by regulations issued jointly by the Administrator and the Secretary.

"(d) If a participant disenrolls from the program, such participant forfeits any entitlement to benefits under the program except as provided in subsection (e) of this section. A participant who disenrolls from the program is eligible for a refund of such participant's contributions as provided in section 1433 of this title.

"(e) A participant who has disenrolled may be permitted to reenroll in the program under such conditions as shall be prescribed jointly by the Administrator and the Secretary.

"§ 1432. Contributions; matching fund

"(a) Each person electing to participate in the program shall agree to have a monthly deduction made from such person's military pay. Such monthly deduction shall be in any amount not less than $25 nor more than $100 except that the amount must be divisible by twenty-five. Any such amount contributed by the participant or contributed by the Secretary pursuant to subsection (c) of this section shall be deposited in a deposit fund account entitled the 'Career Servicepersons' Education Account' (hereinafter in this chapter referred to as the 'fund') to be established in the Treasury of the United States. Contributions made by the participant shall be limited to a maximum of $12,000.

"(b) Except as otherwise provided in this chapter, each monthly contribution made by a participant under subsection (a) shall entitle the participant to matching funds from the Department of Defense at the rate of $2 for each $1 contributed by the participant.

"(c) The Secretary is authorized to contribute to the fund of any participant such amounts as the Secretary deems necessary or appropriate to encourage persons to remain in the Armed Forces. The Secretary is authorized to issue such rules and regulations as the Secretary deems necessary or appropriate to implement the provisions of this subsection.

"§ 1433. Refunds of contributions upon disenrollment

"(a) Contributions made to the program by a participant may be refunded only after the participant has disenrolled from the program or as provided in section 1435.

"(b) If a participant disenrolls from the program prior to discharge or release from active duty, such participant's contributions will be refunded on the date of the participant's discharge or release from active duty or within sixty days of receipt of notice by the Administrator of the participant's discharge or disenrollment, except that refunds may be made earlier in instances of hardship or other good reason as prescribed in regulations issued jointly by the Administrator and the Secretary.

"(c) If a participant disenrolls from the program after discharge or release from active duty, the participant's contributions shall be refunded within sixty days of receipt of an application for a refund from the participant.

"§ 1434. Death of participant

"(a) In the event of the death of a participant who has no surviving spouse or children, the amount of such participant's unused contributions to the fund shall be paid to the participant's estate.

"(b) In the event of the death of a participant whose entitlement under this chapter was transferred to such participant's spouse or children before the death of such participant or whose entitlement is transferred to such participant's surviving spouse or children pursuant to section 1442(b) of this title upon the death of such participant and such spouse or children, as the case may be, elect not to utilize such entitlement for the purpose of pursuing a program of education, the amount of such participant's unused contributions to the fund shall be paid to the participant's estate.

"§ 1435. Discharge or release under conditions which would bar the use of benefits

"If a participant in the program is discharged or released from active duty under dishonorable conditions, such participant is automatically disenrolled and any contributions made by such participant shall be refunded to such participant on the date of such participant's discharge or release from active duty or within sixty days from receipt of notice by the Administrator of such discharge or release, whichever is later.

"Subchapter III—Entitlement; Duration

"§ 1441. Entitlement; loan eligibility

"(a)(1) A participant shall be entitled to a maximum of thirty-six monthly benefit payments (or their equivalent in the event of part-time benefit payments).

"(2) The amount of the monthly payment to which any eligible veteran is entitled shall be ascertained by (A) adding all contributions made to the fund by the eligible veteran, (B) multiplying the sum by three, (C) adding all contributions made to the fund for such veteran by the Secretary, and (D) dividing the sum by the lesser of thirty-six or the number of months in which contributions were made by such veteran.

"(3) Payment of benefits under this chapter may be made only for periods of time during which an eligible veteran is actually enrolled in and pursuing an approved program of education and, except as provided in paragraph (4), only after an eligible veteran has been discharged or released from active duty.

"(4) Payment of benefits under this chapter may be made while a participant is serving on active duty after the participant has participated in the program for at least twenty-four months.

"(b) When an eligible veteran is pursuing under this chapter a program of education by correspondence or a program of flight training, such eligible veteran's entitlement shall be charged at the rate of one month's entitlement for each month of benefits paid to the eligible veteran (computed on the basis of the formula provided in subsection (a)(2) of this section).

"(c) Eligible veterans participating in the program shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"§ 1442. Transfer of benefits

"(a) An eligible veteran may transfer any educational benefits of such veteran under this chapter to such veterans' spouse or children. Any transfer under this subsection may be revoked at any time by the participant.

"(b) If a participant dies and before death had not elected to transfer such participant's entitlement under this chapter to such participant's spouse or children, any unused entitlement of such participant shall be automatically transferred, subject to subsection (d) of this section, to such participant's surviving spouse or (if no surviving spouse) to such participant's surviving children. A surviving spouse to whom entitlement is transferred under this subsection may transfer such entitlement to the surviving children of the participant whose service established such entitlement.

"(c) Any transfer of entitlement under this subsection shall be made in accordance with regulations prescribed by the Secretary.

"(d) Entitlement of a participant may not be transferred to any person under subsection (a) of this section upon the death of such participant if the participant has notified the Secretary in writing that such participant does not wish the entitlement to be transferred in the event of the death of such participant.

"(e) The benefits of an eligible veteran which have been transferred to a spouse or child under this chapter shall be made available to such spouse or child in the same manner and under the same circumstances such benefits would be made available to such veteran.

"§ 1443. Duration; limitations

"(a)(1) No educational assistance benefits shall be afforded an eligible veteran under this chapter beyond the date of ten years after such veteran's last discharge or release from active duty.

"(2) No educational assistance benefits shall be afforded to the spouse or child to whom benefits have been transferred by an eligible veteran beyond the date of ten years after the date of such veteran's last discharge or release from active duty or beyond ten years after the date of the transfer of such benefits, whichever is later.

"(b) In the event an eligible veteran, or a spouse or child to whom benefits have been transferred, has not utilized any or all of such veteran's entitlement by the end of the ten-year period, such eligible veteran is automatically disenrolled and any contributions made by such veteran remaining in the fund shall be refunded to the veteran following notice to the veteran and an application by the veteran for such refund. If no application is received within one year from date of notice, it will be presumed for the purposes of subsection (a) of section 20 of the Permanent Appropriations Repeal Act, 1934 (31 U.S.C. 725s), that the individual's whereabouts is unknown and the funds shall be transferred as directed in the last proviso of that subsection.

"Subchapter IV—Administration

"§ 1451. Requirements

"The provisions of sections 1670, 1671, 1673, 1674, 1676, 1677, 1681(c), 1683, and 1696 of this title and the provisions of chapter 36 of this title, with the exception of sections 1777, 1780(c), and 1787, shall be applicable to the program.

"§ 1452. Reporting requirements

"The Administrator and the Secretary shall, within ninety days after the date of enactment of this chapter, submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program during the preceding year. The first such annual report shall be submitted fifteen months after the date of enactment of this section.

"§ 1453. Deposits; reports

"Deductions made by the Department of Defense from the military pay of any participant shall be promptly transferred to the Administrator for deposit in the fund. The Secretary shall also submit to the Administrator a report each month showing the name, service number, and the amount of the deduction made from the military pay of each initial enrollee, any contribution made by the Secretary pursuant to section 1432(c) of this section, as well as any changes in each participant's enrollment or contribution. The report shall also include any additional information the Administrator and the Secretary deem necessary to administer this program. The Administrator shall maintain accounts showing contributions made to the fund by individual participants and by the Secretary as well as disbursements made from the fund in the form of benefits.

"§ 1454. Budget function

"Appropriations and expenditures made to carry out this chapter shall be considered for budget purposes as appropriations and expenditures made for functions of the Department of Defense rather than functions of the Veterans' Administration.".

(b) The table of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting above the item relating to chapter 31 the following new items:

"29. Peacetime Veterans' Educational Assistance Program.
"30. Career Servicepersons' Education Assistance Program.".

(c) Chapter 32 of title 38, United States Code, relating to the post-Vietnam era veterans' educational assistance program, is amended by adding at the end thereof the following new section:

"§ 1644. Termination of program

"No person who enters the military service after December 31, 1980, and who is eligible to earn educational assistance entitlement under chapter 33 of this title shall be eligible to participate in the program provided for in this chapter after such date, and no person who entered the military service before such date shall be eligible to participate in such program after such person's first discharge or release from active duty after such date. The preceding sentence shall not be construed to deny benefit payments under this chapter to any eligible veteran who was a participant before the applicable termination date specified in the preceding sentence.".

(d) Clause (4) of section 1795 of title 38, United States Code, relating to limitation on period of assistance under two or more programs, is amended by inserting "29," after "chapters".

TITLE II—EDUCATIONAL LEAVE OF ABSENCES FOR MEMBERS OF THE ARMED FORCES

SEC. 201. (a) Chapter 40 of title 10, United States Code, relating to leave, is amended by adding at the end thereof the following new section:

"§ 705. Educational leave of absence

"(a) Under such regulations as the Secretary of Defense may prescribe, the Secretary concerned may grant to any eligible member a leave of absence from such member's military duties for the purposes of permitting such member to pursue a program of education for a period not exceeding twelve months.

"(b)(1) A member may not be granted a leave of absence under this section unless such member agrees in writing to extend his active duty service obligation for a period of two months for each month of leave of absence granted such member.

"(2) A leave of absence granted under this section may not exceed twelve months, and a member may not be granted another leave of absence under this section until he has completed any active duty obligation incurred by reason of any previous leave of absence granted under this section.

"(c)(1) A member may not be paid basic pay or any special or incentive pay to which he would otherwise be entitled for any period during which he is on a leave of absence granted under this section, but may be paid basic allowance for quarters or basic allowance for subsistence, or both, for any such period.

"(2) A period during which a member is on a leave of absence under this section shall be included for the purposes of computing the amount of such member's basic pay and for the purpose of determining such member's eligibility for retired pay. Such period may not be counted as time in grade for promotion purposes.

"(d)(1) In time of war, or a national emergency declared by the President or the Congress after the date of the enactment of this section, the Secretary concerned may cancel the leave of absence granted to any member under this section. However, the Secretary concerned shall permit, whenever practicable, a member whose leave of absence has been canceled under this subsection to complete such leave of absence after the termination of the war or national emergency, as the case may be.

"(2) The Secretary concerned may also cancel a leave of absence granted to any member under this section if he determines that the member is not satisfactorily pursuing the program of education for which the leave was granted.

"(e) As used in this section, the term 'eligible member' means—

"(1) an enlisted member of the Army, Navy, Air Force, or Marine Corps who has completed at least one term of enlistment and has reenlisted in the armed forces; or

"(2) an officer of the Army, Navy, Air Force, or Marine Corps below the grade of colonel or, in the case of the Navy, captain who has served on active duty for a period of at least four years.".

(b) The table of sections at the beginning of chapter 40 of such title is amended by adding at the end thereof the following new item:

"705. Educational leave of absence.".

II

97TH CONGRESS
1ST SESSION

S. 26

To amend title 38 United States Code, to provide for a comprehensive program of improved benefits for veterans of the Vietnam era by establishing a program of career development, advancement, and training, by establishing a post-Vietnam veteran's recruitment, retention and readjustment assistance program, by providing for a conditional extension of the delimiting period with respect to educational assistance, by providing for the payment of tuition expenses under the GI bill through an educational loan discharge program, by extending for a period of two years the psychological readjustment program, by expanding and improving the effectiveness of outreach programs, educational and occupational counseling, and employment programs for Vietnam and post-Vietnam era veterans, by establishing an Interagency Veterans Coordinating Committee, and a Presidential Commission on Veterans Affairs, by providing for the identification, treatment, and compensation of veterans and dependents suffering from diseases or disabilities attributable to exposure to toxic substances, chemical or biological agents, or radiation and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 5, 1981

Mr. PRESSLER introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38 United States Code, to provide for a comprehensive program of improved benefits for veterans of the Vietnam era by establishing a program of career development, advancement, and training, by establishing a post-Vietnam veteran's recruitment, retention and readjustment assistance program, by providing for a conditional extension of the delimiting period with respect to educational assistance, by providing for the payment of tuition expenses under the GI bill through an educational loan discharge program, by extending for a period of two years the psychological readjustment program, by expanding and improving the effectiveness of outreach programs, educational and occupational counseling, and employment programs for Vietnam and post-Vietnam era veterans, by establishing an Interagency Veterans Coordinating Committee, and a Presidential Commission on Veterans Affairs, by providing for the identification, treatment, and compensation of veterans and dependents suffering from diseases or disabilities attributable to exposure to toxic substances, chemical or biological agents, or radiation and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. (a) This Act may be cited as the "Comprehensive Vietnam and Post-Vietnam-Era Veterans Readjustment, Recruitment, and Retention Assistance Act of 1981".

(b) The table of contents for this Act is as follows:

TABLE OF CONTENTS

Sec. 1. Short title; table of contents.
Sec. 2. References to title 38, United States Code.

TITLE I—INTERAGENCY COORDINATION AND VETERANS OUTREACH SERVICES

Sec. 101. Coordination with other agencies; outreach services.
Sec. 102. Necessity for outreach program.
Sec. 103. Required outreach services.
Sec. 104. Functions of veterans' representatives.

TITLE II—COMPENSATION AND TREATMENT FOR DISEASES AND DISABILITIES CAUSED BY TOXIC SUBSTANCES AND RADIATION EXPOSURE

Sec. 201. Disabilities resulting from toxic substances, chemical and biological agents, and radiation exposure to be considered chronic; children with birth defects resulting from genetic damage to a veteran to be eligible for veterans' benefits.
Sec. 202. Entitlement for compensation for disabilities caused by toxic substances, biological or chemical agents, radiation, or genetic damage.
Sec. 203. Presumption of service-connection for certain disabilities related to toxic substances, radiation, and genetic damage.
Sec. 204. Right to medical care.
Sec. 205. Reimbursement for expenses incurred for disabled children.
Sec. 206. Program for treatment of disabilities resulting from toxic substances, biological and chemical agents, and radiation.

TITLE III—READJUSTMENT COUNSELING IMPROVEMENT AND EXPANSION

Sec. 301. Readjustment counseling extension for two years and availability of such counseling outside the Veterans' Administration research program.

TITLE IV—GI BILL PROGRAM ADJUSTMENTS

Sec. 401. Modification of delimiting period for completing a program of education for veterans.
Sec. 402. Educational and vocational counseling for veterans.
Sec. 403. Modification of report to Congress on default experience under education loan program; use of educational assistance entitlement to discharge loans.

TITLE V—POST-VIETNAM RECRUITMENT, RETENTION, AND READJUSTMENT PROGRAM

Sec. 501. New educational assistance program for veterans.

TITLE VI—INTERAGENCY TASK FORCE; PRESIDENTIAL COMMISSION ON VETERANS' AFFAIRS

Sec. 601. Interagency task force; Presidential Commission on Veterans' Affairs.

TITLE VII—JOB COUNSELING, TRAINING, AND PLACEMENT SERVICE FOR VETERANS

Sec. 701. Veterans' employment representatives.
Sec. 702. Estimate of funds necessary to administer provisions of Comprehensive Employment and Training Act relating to veterans.

TITLE VIII—EMPLOYMENT AND TRAINING OF DISABLED AND VIETNAM-ERA VETERANS

Sec. 801. Entitlement to Chapter 42 employment assistance for post-Vietnam-era veterans.
Sec. 802. Veterans' employment emphasis in Federal contracts.
Sec. 803. Veterans' employment within the Federal Government.

TITLE IX—VETERANS CAREER DEVELOPMENT, ADVANCEMENT, AND TRAINING ASSISTANCE

Sec. 901. Establishment of career development, advancement, and training assistance program using educational assistance entitlement.

TITLE X—HONORABLE DISCHARGE (LIMITED)

Sec. 1001. Creation of discharge category of honorable discharge (limited); eligibility and consequences.

TITLE XI—EFFECTIVE DATE

Sec. 1101. Effective date.

REFERENCES TO TITLE 38, UNITED STATES CODE

SEC. 2. Except as otherwise expressly provided, whenever in this Act or amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—INTERAGENCY COORDINATION AND VETERANS OUTREACH SERVICES

COORDINATION WITH OTHER AGENCIES; OUTREACH SERVICES

SEC. 101. Section 220 is amended by inserting "(a)" before "The" and by adding at the end of such section the following new subsection:

"(b) The Administrator shall seek to achieve the maximum feasible effectiveness, coordination, and interrelation of services, agencies, programs, and activities for the purposes of—

"(1) implementing those provisions of the Comprehensive Employment and Training Act relating to veterans;

"(2) developing, implementing, and conducting research to carry out the readjustment counseling program authorized by section 612A of this title;

"(3) developing and implementing the career development, advancement, and training assistance program authorized under chapter 45 of this title;

"(4) assisting and informing persons eligible for an extension of the delimiting period provided for under section 1662 of this title and persons eligible for educational assistance benefits under the educational loan discharge program provided for under section 1798(h) of this title; and the post-Vietnam readjustment, recruitment, and retention programs established under chapter 35 of this title; and

"(5) carrying out the duties and functions of the Presidential Commission on Vietnam Veterans and the Federal Veterans' Coordinating Committee established under section 1792 of this title.".

NECESSITY FOR OUTREACH PROGRAM

SEC. 102. Section 240(a) is amended by adding at the end thereof the following new sentence: "The Congress further declares that the provisions of this title providing for a program of career development, advancement, and training assistance, for an extension, under certain circumstances, of the delimiting period provided for in section 1662 of this title, for the payment of tuition expenses under the educational loan discharge program provided for under section 1798(h) and the post-Vietnam readjustment program established under chapter 33 of this title make it imperative that the Administrator expeditiously initiate a comprehensive outreach and information program to inform and assist eligible veterans and eligible persons to understand and utilize such programs.".

REQUIRED OUTREACH SERVICES

SEC. 103. Section 241 is amended by inserting "(a)" before "The" and by adding at the end thereof the following new subsection:

"(b) The Administrator shall, to the maximum extent possible, inform eligible veterans and eligible persons of the career development, advancement, and training assistance program, of the extension of the delimiting period provided for in section 1662 of this title, the opportunity to obtain an educational loan to pay tuition expenses under section 1798 of this title, of the post-Vietnam readjustment assistance program, and of the other programs, services, and opportunities available to them.".

FUNCTIONS OF VETERANS' REPRESENTATIVES

SEC. 104. Section 243(a)(3) is amended by striking out "and" at the end of clause (G), by striking out the period at the end of clause (H) and inserting in lieu thereof a semicolon and "and", and by adding at the end of such section the following new clause:

"(I) assist in the counseling, development, planning, processing, eligibility determination, and outreach to persons eligible for a program of career development, advancement, and training assistance, an extension of the delimiting period provided for under section 1662 of this title, or the payment of tuition expenses by means of an educational loan discharge program under section 1798(h) of this title or the post-Vietnam readjustment, recruitment and retention program established under chapter 33 of this title.".

TITLE II—COMPENSATION AND TREATMENT FOR DISEASES AND DISABILITIES CAUSED BY TOXIC SUBSTANCES AND RADIATION EXPOSURE

DISABILITIES RESULTING FROM TOXIC SUBSTANCES, CHEMICAL AND BIOLOGICAL AGENTS, AND RADIATION EXPOSURE TO BE CONSIDERED CHRONIC; CHILDREN WITH BIRTH DEFECTS RESULTING FROM GENETIC DAMAGE TO A VETERAN TO BE ELIGIBLE FOR VETERANS' BENEFITS

SEC. 201. (a) Paragraph (1) of section 301 is amended to read as follows:

"(1) The term 'veteran' includes (A) a person who died in the active military, naval, or air service, or (B) a disabled child.".

(b) Paragraph (3) of such section is amended by inserting immediately above "Tuberculosis, active" the following:

"Toxic substance, chemical, biological, or radiological related disabilities, especially those related to exposure to phenoxy herbicides contaminated by dioxins".

(c) Such section is further amended by adding at the end thereof the following new paragraph:

"(5) The term 'disabled child' means a natural child of a veteran with a disability, disease, defect, disorder, or infirmity which was caused by genetic damage in the veteran if the genetic damage in the veteran was caused by exposure to a toxic substance, chemical or biological agent, or radiation while serving in the active military, naval, or air service and was not caused by the veteran's own willful misconduct.".

ENTITLEMENT FOR COMPENSATION FOR DISABILITIES CAUSED BY TOXIC SUBSTANCES, BIOLOGICAL OR CHEMICAL AGENTS, RADIATION, OR GENETIC DAMAGE

SEC. 202. (a) Section 310 is amended to read as follows:

"§ 310. Basic entitlement

"For disability resulting from personal injury or disease (including a disability caused by a toxic substance, biological, chemical agent, radiation, or genetic damage) contracted in the line of duty, or for aggravation of a preexisting injury suffered or disease (including a disability caused by a toxic substance, biological, chemical agent, radiation, or genetic damage) contracted in the line of duty, in the active military, naval, or air service, during a period of war, the United States will pay to any veteran thus disabled and who was discharged or released under conditions other than dishonorable for the period of service in which such injury or disease was incurred, or preexisting injury or disease was aggravated, and to any disabled child of a veteran who was discharged or released under conditions other than dishonorable, compensation as provided in this subchapter, but no compensation shall be paid if the disability is the result of the veteran's own willful misconduct.".

(b) Section 331 is amended to read as follows:

"§ 331. Basic entitlement

"For disability resulting from personal injury suffered or disease (including a disability (to include immunological suppression, cancer, or genetic mutation) caused by a toxic substance, chemical or biological agent or radiation, or genetic damage) contracted in line of duty, or for aggravation of a preexisting injury suffered or disease (including a disability caused by toxic substance, biological or chemical agent, radiation or genetic damage) contracted in line of duty, in the active military, naval, or air service, during other than a period of war, the United States will pay to any veteran thus disabled and who was discharged or released under conditions other than dishonorable from the period of service in which such injury or disease was incurred, or preexisting injury or disease was aggravated, and to any disabled child of a veteran who was discharged or released under conditions other than dishonorable, compensation as provided in this subchapter, but no compensation shall be paid if the disability is the result of the veteran's own willful misconduct.".

PRESUMPTION OF SERVICE-CONNECTION FOR CERTAIN DISABILITIES RELATED TO TOXIC SUBSTANCES, RADIATION, AND GENETIC DAMAGE

SEC. 203. Section 312 is amended by adding at the end thereof the following new subsection:

"(d) For the purposes of section 310 of this title and subject to the provisions of section 313 of this title, any veteran who was exposed to a toxic substance, chemical or biological agent, or radiation while serving in the active military, naval, or air service and who is suffering from a disability, disorder, infirmity, disease, or genetic damage (to include immunological suppression, cancer, or genetic mutation) symptomatic of exposure to such toxic substance, biological or chemical agent, or radiation may, unless affirmative evidence to the contrary is demonstrated, be considered to have incurred or aggravated such disability, infirmity, disease, or genetic damage while so serving, notwithstanding that there is no record of such exposure or disability, disorder, infirmity, disease, or genetic damage having been incurred during the period of service.".

RIGHT TO MEDICAL CARE

SEC. 204. (a) Paragraphs (1) and (2) of section 601 are amended to read as follows:

"(1) The term 'disability' means a disease, injury, or other physical or mental defect, including disease, injury, or other physical or mental defect in a disabled child, as defined in section 301(5) of this title.

"(2) The terms 'veteran' and 'veteran of any war' include a disabled child, as defined in section 301(5) of this title, any veteran of the Indian wars, and any veteran awarded the Medal of Honor.".

(b) Chapter 17 is amended by inserting after section 602 the following new section:

"§ 603. Presumption relating to toxic substances, biological and chemical agents, radiation, and genetic damage

"For the purpose of this chapter, any veteran who, while serving in the active military, naval, or air service, was exposed to toxic substances, chemical or biological agents, or radiation and develops a disability, disorder, infirmity, disease, or genetic damage (to include immunological suppression, cancer, or genetic mutation) symptomatic of exposure to such toxic substance, chemical or biological agent, or radiation may, unless affirmative evidence to the contrary is demonstrated, be deemed to have incurred such disability, disorder, infirmity, disease, or genetic damage in the active military, naval, or air service, notwithstanding that there is no record of such exposure or disability, disorder, infirmity, disease, or genetic damage having been incurred during the period of service of such veteran.".

REIMBURSEMENT FOR EXPENSES INCURRED FOR DISABLED CHILDREN

SEC. 205. Chapter 17 is amended by inserting after section 628 the following new section:

"§ 629. Reimbursement for expenses incurred for disabled children

"The Administrator, under such regulations as the Administrator may prescribe, may accept reimbursement by private entities for expenses incurred by the Administrator for care and treatment of disabled children under this chapter.".

PROGRAM FOR TREATMENT OF DISABILITIES RESULTING FROM TOXIC SUBSTANCES, BIOLOGICAL AND CHEMICAL AGENTS, AND RADIATION

SEC. 206. (a) Chapter 17 is amended by adding at the end thereof the following new subchapter:

"SUBCHAPTER VIII—TOXIC SUBSTANCES, BIOLOGICAL AND CHEMICAL AGENTS, AND RADIATION

"§ 671. Screening, counseling, and medical treatment

"The Administrator (in cooperation and consultation with the Secretary of Defense and the Secretary of Health and Human Services) shall establish and carry out a comprehensive program of screening veterans who may have been exposed to toxic substances, chemical or biological agents, or radiation during their military, naval, or air service to determine whether such veterans have incurred any disease or disability as a result of such exposure. As part of such program, the Administrator shall provide outreach services and counseling to such veterans to inform them of the provisions of this subchapter and to assist them in adjusting to any such disease or disability. Such counseling shall include, in appropriate cases, genetic counseling and treatment and the provision of information under this chapter.

"§ 672. Research

"The Administrator (in cooperation and consultation with appropriate public and private agencies, organizations, and institutions) shall establish a program to carry out research and to conduct training in the diagnosis, treatment, and rehabilitation of disabilities caused by toxic substances, biological or chemical agents, or exposure to radiation. Such program shall include the establishment of a centralized registry of claims made before the Veterans' Administration or other appropriate agencies arising out of exposure or possible exposure to toxic substances, chemical or biological agents, or radiation and of the disabilities, disorders, impairments, infirmities, diseases, genetic damage, or symptoms associated with such exposure.

"§ 673. Report

"The Administrator shall include in the annual report to the Congress required by section 214 of this title a comprehensive report on the administration and implementation of this subchapter, including such recommendations for additional legislation and programs or research as the Administrator considers necessary. Such report shall include a copy of the regulations and standards used to carry out the provisions of this subchapter.".

(b) The table of sections at the beginning of chapter 17 is amended—

(1) by inserting after the item relating to section 602 the following new item:

"603. Presumption relating to toxic substances, biological and chemical agents, radiation, and genetic damage.";

(2) by inserting after the item relating to section 628 the following new item:

"629. Reimbursement for expenses incurred for disabled children."; and

(3) by adding at the end thereof the following:

"SUBCHAPTER VIII—TOXIC SUBSTANCES, BIOLOGICAL AND CHEMICAL AGENTS, AND RADIATION

"671. Screening, counseling, and medical treatment.
"672. Research.
"673. Report.

TITLE III—READJUSTMENT COUNSELING IMPROVEMENT AND EXPANSION

READJUSTMENT COUNSELING EXTENSION FOR TWO YEARS AND AVAILABILITY OF SUCH COUNSELING OUTSIDE THE VETERANS' ADMINISTRATION

SEC. 301. Section 612A is amended—

(1) by striking out "or two years after the effective date of this section" in subsection (a) and inserting in lieu thereof "or before October 1, 1983";

(2) by adding at the end of subsection (b) the following new paragraph:

"(3) If, on the basis of an assessment furnished under subsection (a) of this section, it is determined under paragraph (1) of this subsection that the provision of mental health services is necessary to facilitate the successful readjustment of a veteran to civilian life, the physician or psychologist making such determination shall also determine whether the readjustment problem of the veteran significantly impedes the employability of the veteran. If it is determined that such problem does significantly impede the employability of the veteran, the veteran shall be eligible for assistance under chapters 31 and 45 of this title."; and

(3) by striking out subsections (e) and (f) and inserting in lieu thereof the following:

"(e) In furnishing counseling and related mental health services under subsections (a) and (b) of this section, the Administrator shall, under such regulations as the Administrator may prescribe, contract for, provide on a fee-for-service basis, or utilize psychiatric, psychological, preventive mental health care, psychological readjustment services, and counseling services from public and private sources, including community mental health centers, veterans service and self-help organizations, and other community based facilities which are necessary, appropriate, beneficial, or more effective for the counseling, treatment, rehabilitation, or readjustment of the veteran or dependent. The Administrator shall arrange for or assist the veteran or the veteran's dependent, or both, in obtaining readjustment counseling or mental health services outside of Veterans' Administration facilities when—

"(1) such services are necessary or appropriate for the successful counseling, treatment, rehabilitation, or readjustment of the veteran or dependent and such services are unavailable or inadequate at a Veterans' Administration facility;

"(2) an undue hardship would be placed upon the veteran or dependent because of the distance the veteran or dependent would have to travel to obtain such services at a Veterans' Administration facility;

"(3) the hours at which such services are available at a Veterans' Administration facility are incompatible with the time available to the veteran or dependent for counseling, or would result in financial or other hardship to the veteran or dependent to receive such services at a Veterans' Administration facility; or

"(4) such services provided outside of the Veterans' Administration facilities would be more beneficial to the counseling, treatment, rehabilitation, or readjustment of the veteran or dependent or would be beneficial to the Veterans' Administration without detracting from the availability, effectiveness, or quality of treatment available to the veteran or dependent.

"(f) Before furnishing counseling or related mental health services described in subsections (a) and (b) of this section at a facility outside of Veterans' Administration facilities, as authorized in subsection (e) of this section, the Administrator shall approve (in accordance with criteria which the Administrator shall prescribe by regulation) the quality and effectiveness of the program operated by such facility for the purpose for which the counseling or services are to be furnished.

"(g) The Administrator (in cooperation with the Secretary of Labor, the Secretary of Health and Human Services, and the Secretary of Defense) shall take such action as the Administrator considers appropriate to notify veterans and dependents who may be eligible for assistance under this section of the services that may be available to such veterans and dependents under this section.

"(h) The Administrator shall initiate and carry out a program to coordinate Veterans' Administration psychological, psychiatric, and social work services, readjustment counseling programs, research in veterans' psychological readjustment with non-Veterans' Administration public and private readjustment programs and services for veterans, and to provide comprehensive integrated medical, psychological, social, vocational, and educational readjustment and rehabilitation services through counseling and assisting veterans to understand and take effective advantage of the readjustment programs, services, assistance, and benefits available through the Federal Government, public and private agencies, organizations, and efforts.

"(i) The Administrator shall conduct or contract for comprehensive studies of the psychological and sociological effects of the Vietnam conflict, military service, and the readjustment process upon veterans and dependents. The Administrator shall submit a report of the results of such studies to the Congress and shall include in such report recommendations for more effective recognition, diagnosis, counseling, treatment, readjustment and rehabilitation of the psychological, emotional, or social effects of military service and the readjustment process upon veterans and dependents.

"(j) The Administrator, in cooperation and consultation with the Secretary of Labor and the Secretary of Health and Human Services, shall make maximum feasible efforts to coordinate the programs authorized under this section with the appropriate provisions of the Comprehensive Employment and Training Act and to provide through such Act, to the maximum extent feasible, necessary supportive services for veterans, including benefits counseling, claims presentation, job counseling, development, and employment assistance, economic development assistance, and discharge upgrading.".

TITLE IV—GI BILL PROGRAM ADJUSTMENTS

MODIFICATION OF DELIMITING PERIOD FOR COMPLETING A PROGRAM OF EDUCATION FOR VETERANS

SEC. 401. (a) Section 1662(a) is amended—

(1) by inserting in paragraph (1) after "application" the following: "made within one year following the last delimiting date otherwise applicable to such veteran under this section, or within one year after the termination of the period of mental or physical disability, or within one year after the date of the enactment of the Comprehensive Vietnam and Post-Vietnam-Era Readjustment, Recruitment, and Retention Act of 1981, whichever is later.";

(2) by adding at the end of paragraph (2) the following new subparagraph:

"(C) Notwithstanding any other provision of this chapter or chapter 36 of this title, any veteran who is performing satisfactory service as a member of the Selected Reserve of the Ready Reserve of a Reserve component of the Armed Forces shall be entitled to educational assistance under this chapter in the amount of entitlement such veteran has remaining under the provisions of section 1661 of this chapter during the period of such veteran's satisfactory service as such a reservist."; and

(3) by adding at the end thereof a new paragraph (3) as follows:

"(3) Notwithstanding the provisions of paragraph (1) of this subsection, any eligible veteran who served at least one day on active duty during the period beginning on August 5, 1964, and ending on December 31, 1972, may, subject to counseling as required by section 1663 of this chapter, receive educational assistance for any unused entitlement during an additional period of two years beyond the delimiting date otherwise applicable to such veteran under such paragraph if—

"(A) the program of education being pursued during such period is an approved program;

"(B) such veteran demonstrates that he or she could not reasonably initiate or complete a program of education within the delimiting period otherwise applicable;

"(C) an extension of the delimiting period is necessary to enable such veteran to initiate or complete such veteran's program of education; and

"(D) such veteran is enrolled in a program of instruction that will provide vocational readjustment and restore lost educational opportunities or aid such veteran in attaining the vocational and educational status to which such veteran might normally have aspired and obtained had such veteran not served on active duty. No educational assistance shall be payable to any veteran by virtue of this paragraph unless such veteran shall have submitted an application for the extension of such veteran's delimiting period within one year after the effective date of this paragraph or the last date of the delimiting period otherwise applicable to such veteran, whichever is later. In no event may an educational assistance allowance be paid to any veteran by virtue of this paragraph for any period beyond the period required to complete such veteran's program of education or two years, whichever is the lesser period of time.".

(6) Subsection (e) of section 1662 is amended to read as follows:

"(e) No educational assistance shall be afforded any eligible veteran under this chapter or under chapter 36 of this title after December 31, 1989, or the expiration of 5 years after the veteran's last discharge or release from active duty, whichever is later.".

EDUCATIONAL AND VOCATIONAL COUNSELING FOR VETERANS

SEC. 402. Section 1663 is amended to read as follows:

"§1663. Educational and vocational counseling

"(a) The Administrator shall arrange for educational, vocational, and personal adjustment counseling for veterans eligible for educational assistance under this chapter. At such intervals as the Administrator deems necessary, the Administrator shall make available information respecting the need for general education and for trained personnel in the various services, crafts, trades, and professions. Facilities of other Federal agencies collecting such information shall be utilized to the extent the Administrator considers necessary and appropriate.

"(b) Counseling provided under this section may include assisting a veteran—

"(1) to select the occupation or training objective suitable to such veteran in terms of such veteran's personal circumstances, characteristics, financial resources, dependent responsibilities, and other relevant factors;

"(2) to select the occupational or educational or training objective which will provide such veteran, after such veteran has developed the required skills, with reasonable opportunities for secure employment and job satisfaction;

"(3) to select the educational institution or employment situation that will effectively assist such veteran in attaining such veteran's educational, vocational, or occupational objective;

"(4) to develop a program of education or a program of career development, advancement, or training authorized under chapter 45 of this title that will lead to a recognized and predetermined occupational, educational, vocational, technical, or professional objective within the veteran's period of entitlement; and

"(5) by providing to such veteran such other services, assistance, or readjustment counseling (exclusive of mental health services) as the Administrator deems necessary or appropriate for such veteran's effective readjustment.

"(c) Counseling shall be required of, and shall be provided to, a veteran prior to approval of payment of an educational assistance allowance based upon an extension of the veteran's delimiting period (as authorized by section 1662(a)(3) of this title) or prior to approval of an extension of entitlement for a program of career development, advancement, and training as authorized by chapter 45 of this title.

"(d) The Administrator shall seek to achieve the maximum feasible effectiveness, coordination, and interrelationship of appropriate services between the counseling services provided under this section and those authorized under section 612A of this title.".

MODIFICATION OF REPORT TO CONGRESS ON DEFAULT EXPERIENCE UNDER EDUCATION LOAN PROGRAM; USE OF EDUCATIONAL ASSISTANCE ENTITLEMENT TO DISCHARGE LOANS

SEC. 403. (a) Subsection (e)(3) of section 1798 is amended—

(1) by adding "and" at the end of clause (A);

(2) by striking out clause (B); and

(3) by redesignating clause (C) as clause (B).

(b) Subsection (f) of such section is amended—

(1) by striking out paragraph (1); and

(2) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(c) Such section is further amended by adding at the end thereof the following new subsection:

"(h) Upon completion of the program of instruction for which a veteran has received an educational loan under the provisions of this section the Administrator shall discharge such veteran's or such eligible person's liability on such loan in the amount of entitlement such veteran or eligible person shall have remaining under the provisions of sections 1662(a) or 1711(a), respectively, of this title if the educational institution in which such veteran or person was enrolled has certified to the Administrator that such veteran or person has satisfactorily completed the program of education and attained the predetermined and identified educational, professional, or vocational objective which such veteran has been pursuing and has on such basis been awarded by such institution the appropriate educational degree, diploma, or certificate signifying such completion and attainment.".

TITLE V—POST-VIETNAM RECRUITMENT, RETENTION, AND READJUSTMENT ASSISTANCE PROGRAM

NEW EDUCATIONAL ASSISTANCE PROGRAM FOR POST-VIETNAM VETERANS

SEC. 501. Part III is amended by inserting after chapter 32 the following new chapter:

"CHAPTER 33—POST-VIETNAM-ERA VETERAN'S RECRUITMENT, RETENTION, AND READJUSTMENT ASSISTANCE PROGRAM

"Sec.

"1645. Findings and purpose.
"1646. Definitions.
"1647. Eligibility and entitlement.
"1648. Time limitations for completing a program of education.
"1649. Payment of educational assistance allowance.
"1650. Provisions governing program of instruction.
"1651. Educational assistance for certain members of Reserve components.
"1652. Transfer of entiltments to spouse or children.
"1653. Participation in a program of career development advancement and training.

"§ 1645. Findings and purpose

"(a) The Congress finds that a broad range of educational, vocational, and employment programs designed to recruit, retain, and reward honorable service in the Armed Forces is in the best interests of the individual and of the Nation; and

"(b) That readjustment and employment assistance to separating post-Vietnam-era servicepersons is a necessary and appropriate responsibility of the Federal Government.

"(c) The purpose of this chapter is to recognize that a program of educational, vocational and employment benefits provided to veterans and active duty personnel fulfills our Nation's commitment to reward honorable service and provide for qualified military personnel.

"§ 1646. Definitions

"For the purpose of this chapter:

"(1) The term 'eligible veteran' means any veteran who (A) served on active duty for a period of two years or more after December 31, 1976 and was discharged or released therefrom under conditions other than dishonorable, (B) was discharged or released from active duty after such date for a service connected disability, or (C) was discharged or released from active duty after such date, and a physical or mental disability is later established, consistent with other provisions of this title, as having resulted from an injury or disease incurred or aggravated during the period of active service completed by such veteran, if such disability is not the result of the veteran's willful misconduct nor incurred during a period of unauthorized absence.

"(2) The requirement of discharge or release, prescribed in paragraph (1), shall be waived in the case of any individual who has served more than two years in an active duty status (after December 31, 1976) for so long as such individual continues on active duty without a break therein.

"(3) For the purposes of paragraphs (1) and (2), the term 'active duty' does not include any period during which an individual (A) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (B) served as a cadet or midshipman at one of the service academies, or (C) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, or Coast Guard Reserve.

"§ 1647. Eligibility; entitlement

"(a) Except as otherwise provided in this section, each eligible veteran shall be entitled to educational assistance under this chapter for a period of one month (or the equivalent thereof in part-time educational assistance) for each month or fraction thereof of the veteran's service on active duty after December 31, 1976. The Secretary of the Service concerned, in consultation and cooperation with the Administrator of Veterans' Affairs, may, in the case of combat military occupational specialities and other critical manpower areas, authorize entitlement to educational assistance under this chapter for a period of one and one-half months (or the equivalent thereof in part-time educational assistance) for each month or fraction thereof of the veteran's service on active duty after October 1, 1981.

"(b) Whenever the period of entitlement under this section of an eligible veteran who is enrolled in an educational institution regularly operated on the quarter or semester system ends during a quarter or semester, such period shall be extended to the termination of such unexpired quarter or semester. In educational institutions not operated on the quarter or semester system, whenever the period of entitlement ends after a major portion of the course is completed, such period shall be extended to the end of the course or for twelve weeks, whichever is the lesser period.

"(c) Eligible veterans under this chapter shall be eligible for educational loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such chapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"(d) Except as provided in subsection (b) of this section, and subchapter V of chapter V of chapter 34 of this title, no eligible veteran shall receive educational assistance under this chapter in excess of forty-five months.

"§1648. Time limitations for completing a program of education

"(a) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date ten years after the veteran's last discharge or release from active duty after December 31, 1976; except that any eligible veteran who was prevented from initiating or completing such veteran's program of education within such time period because of a physical or mental disability which was not the result of such veteran's own willful misconduct shall, upon application, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines, from the evidence, that such veteran was prevented from initiating or completing such program of education.

"(b) In the case of any eligible veteran who has been prevented, as determined by the Administrator, from completing a program of education under this chapter within the period prescribed by subsection (a), because the veteran had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, or the correction of the military records of the proper service department under section 1552 of title 10, the ten-year delimiting period shall run from the date the veteran's discharge or dismissal was changed, corrected or modified.

"(c) In the case of any eligible veteran (1) who became eligible for educational assistance under the provisions of this chapter, and (2) who subsequent to the veteran's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing the veteran's ten-year period of eligibility for educational assistance, any period during which the veteran was so detained and any period immediately following the veteran's release from such detention during which the veteran was hospitalized at a military, civilian, or Veterans' Administration medical facility.

"§1649. Payment of educational assistance allowance

"The Administrator shall pay to each eligible veteran pursuing a program of education under the provisions of this chapter, subject to the eligibility and entitlement criteria set forth in section 1647 of this chapter, an educational assistance allowance to meet, in part, the expenses of the veteran's subsistence, tuition, fees, supplies, books, equipment, and other educational costs. Such allowance shall be computed and such payment shall be made in accordance with the provisions set forth in subchapter IV of chapter 34 of this title. An eligible veteran may choose to have such veteran's monthly educational assistance allowance increased to cover the cost of such veteran's educational expenses (tuition, books, and fees) and have such veteran's entitlement period proportionately reduced under such regulations as the Administrator shall prescribe.

"§ 1650. Provisions governing program of instruction

"Except as otherwise provided in this chapter, all the provisions of chapters 34 and 36 of this title shall be applicable to the educational assistance program provided for under this chapter. The Administrator, by regulation, may make appropriate adjustments in the applicability of the provisions of chapters 34 and 36 of this title to the program provided for in this chapter when the Administrator deems such action is necessary and appropriate.

"§ 1651. Educational assistance for certain members of the Reserve components

"(a) Except as otherwise provided in this section, each person who, after October 1, 1981, agrees to perform four or more years of satisfactory service as a member of the Selected Reserve of the Ready Reserve of a component of the Armed Forces shall be entitled to educational assistance under this chapter for a period of one and one-half (or the equivalent thereof in part-time educational assistance) for each month such person spends on active duty for training or other purposes; and for a period of one month for every two months of such person's service in the Selected Reserve.

"(b) A person eligible for educational assistance under this chapter by virtue of service in the Selected Reserve shall be eligible in the same manner and to the same extent as an eligible veteran, except that the maximum entitlement that a person may earn under this section shall be thirty-six months. Such person may begin a program of education upon successful completion of active duty for training and six months' service as a member of the Selected Reserve of the Ready Reserve component.

"(c) The Secretary of the Armed Service concerned shall determine, under regulations prescribed by the Secretary of Defense in consultation with the Administrator of Veterans' Affairs, satisfactory performance of service for the purpose of this section and criteria for the authorization of payment to an eligible person. Payment of educational assistance allowances shall be predicated upon the provisions set forth in subchapter IV of chapter 34 and the amount of entitlement such eligible person has accrued.

"(d) The delimiting date applicable to any person under this section shall be ten years after the date on which such person initiates a program of education under the provisions of this section.

"(e) Notwithstanding the provisions of section 1795 a Vietnam-era veteran who participated under the provisions of chapter 31 or 34 of this title may participate in the program established by this section provided that such person's total entitlement used under the combined programs does not exceed sixty-four months.

"§1652. Right of an eligible veteran to transfer entitlement to spouse or children

"(a) An eligible veteran who is entitled to educational assistance under this chapter and who has served on active duty for a period of eight years or more may elect to transfer all or any part of such entitlement to such veteran's spouse or to a dependent child or children of such veteran. Any transfer under the preceding sentence may be revoked at any time by the veteran making the transfer.

"(b) Any transfer of entitlement under subsection (a) of this section shall be made in such a manner as the Administrator shall prescribe by regulation.

"(c) A spouse or child to whom entitlement is transferred under this section is entitled to educational assistance under this chapter in the same manner and in the same amount as the veteran from whom the entitlement was transferred, except that if such entitlement is transferred while the veteran is serving on active duty, the delimiting date applicable to the spouse, child or children shall be six years after the date on which the actual transfer is made.

"(d) The total amount of educational assistance available to an eligible veteran under section 1647 of this chapter shall be determined by the applicable provisions of this chapter and those of subchapter IV of chapter 34 of this title. If more than one person is being provided educational assistance during the same period under the entitlement of the same veteran, the educational assistance allowance authorized by section 1649 of this title shall be divided in such manner as the eligible veteran may specify or, if the eligible veteran fails to specify, as the Administrator may prescribe, but in no case may the total amount of assistance exceed that amount to which the veteran is entitled.

"§ 1653. Participation in a program of career development, advancement, and training

"(a) Any person eligible to participate under the provisions of this chapter is eligible to participate subject to the appropriate provisions of this title in a program of 'Career Development, Advancement and Training' authorized under the provisions of chapter 45 of this title.

"(b) The table of chapters at the beginning of title 38, United States Code, and at the beginning of part III of such title are each amended by adding, following the item relating to chapter 32, the following new item:

> **" '33. Post-Vietnam-Era Veteran's Recruitment, Retention and Readjustment Assistance Program.' "**

TITLE VI—INTERAGENCY TASK FORCE; PRESIDENTIAL COMMISSION ON VETERANS' AFFAIRS

INTERAGENCY TASK FORCE

SEC. 601. (a) Section 1792 is amended to read as follows:

"§1792. Interagency Veterans' Advisory Task Force; Presidential Commission on Veterans' Affairs

"(a) There is established within the Executive Office of the President a working group to be known as the Interagency Veterans' Advisory Task Force (hereinafter in this section referred to as the 'Task Force'). The Task Force shall be composed of members (one of whom shall be elected Chairman by the members) appointed as follows:

"(1) Four members from the Veterans' Administration, appointed by the Administrator.

"(2) One member from the Department of Defense, appointed by the Secretary of Defense.

"(3) One member from the Department of Labor, appointed by the Secretary of Labor.

"(4) Three members from the Department of Health and Human Services, appointed by the Secretary of Health and Human Services, of whom one shall be from the Office of Education, one shall be from the Veterans' Cost of Instruction program, and one shall be from the National Institute of Mental Health.

"(5) One member from the Department of Justice, appointed by the Attorney General.

"(6) One member from the Small Business Administration, appointed by the Administrator of the Small Business Administration.

"(7) One member from the Federal Trade Commission, appointed by the Chairman of the Federal Trade Commission.

"(8) One member from the Federal Communications Commission, appointed by the Chairman of the Federal Communications Commission.

"(9) Such other members from other departments, agencies, and instrumentalities of the Federal Government as the President may prescribe.

"(b) The Tasks Force shall—

"(1) advise and assist in the review of the effectiveness, appropriateness, and coordination of all rights, benefits, programs, and services authorized for veterans under this title and other laws;

"(2) advise and assist in the development and implementation of studies of the effectiveness and appropriateness of all laws, regulations, and programs provided for, or applicable to, the needs of veterans and other eligible persons;

"(3) assist and advise in the monitoring and evaluation and preclusion of abuses of veterans' readjustment assistance programs administered in whole or in part by State or local government, including such programs as the Comprehensive Employment and Training Act and the Veterans' Cost of Instruction program;

"(4) assist and advise in the investigation of patterns of allegations indicating that veterans are being denied rights, benefits, or assistance authorized by law or that such rights, benefits, or assistance are not being appropriately or effectively administered or implemented;

"(5) advise and assist in the appraisal of the adequacy and equitability of the laws, appropriations, and policies of the Federal Government with respect to meeting the needs of veterans to readjust to civilian life and compensating them for the losses attributable directly or indirectly to their service in the Armed Forces, and to make recommendations and assist in the development of such program or drafting of such legislation as may be necessary and appropriate to improve the adequacy, equitability, effectiveness of such laws, appropriations, and policies and to preclude abuse or misuse of programs where indicated;

"(6) serve as a national clearinghouse and dissemination center for information and assistance relating to (A) the needs, problems, and potentials of veterans, (B) the preclusion of abuse and misuse of assistance programs, benefits, services, and rights of veterans, and (C) the resources available and required to meet such needs, solve such problems, and preclude such abuses;

"(7) serve as an advocate for the correction of problems and preclusion of abuses and for the full and effective implementation and coordination of laws, programs, and services for veterans;

"(8) assist and advise in cooperation and consultation with educational and training institutions, agencies, and associations in the development of effective standards of progress for various readjustment assistance programs and in the development of unique or special readjustment, educational, or training programs for veterans;

"(9) assist and advise in the development and execution of such studies and research as may be necessary and appropriate to determine the readjustment problems and needs of post-Vietnam-era veterans;

"(10) advise and assist in the development, coordination, and implementation of such programs and services as are necessary and appropriate to facilitate the readjustment needs of veterans and their dependents, including—

"(A) the development, implementation, and coordination of special readjustment educational programs for veterans and dependents; and

"(B) the development, implementation, and coordination of such personal adjustment counseling and services and appropriate psychological and marital counseling services as may be appropriate to insure effective readjustment and pursuit of programs of education under this chapter and chapters 31, 34, 35, and 45.

"(c) There is established within the Task Force a section on enforcement and implementation of laws, directives, and regulations relevant to the needs, programs, services, and policies authorized under this title. Such section shall—

"(1) coordinate the implementation of laws and regulations governing assistance programs for veterans and eligible persons;

"(2) investigate abuses, complaints, or violations of laws, regulations, directives, programs, and services relevant to the needs of veterans and dependents within the jurisdiction of the Task Force;

"(3) advise and assist in the development and implementation of such information and education programs as are necessary and appropriate to insure the effective implementation and preclusion of abuse of veterans assistance programs;

"(4) advise and assist as necessary and appropriate in the research, investigation, preparation, consultation, and prosecution of individuals, institutions, or instrumentalities allegedly violating or misusing the laws, regulations, benefits, services, or programs relevant to veterans and dependents;

"(5) advise and assist in the development of such consumer information and protection programs as are necessary and appropriate to insure the protection of persons eligible for veteran's and dependent's benefits and services and to assist such persons in knowledgeably using such benefits and services;

"(6) advise and assist in the development of such programs, information, and services, as is deemed necessary and appropriate to assist eligible veterans and dependents affected by illegal, unethical, deceptive, misleading, or improper violations or misrepresentations of benefits, regulations, laws, services, or programs affecting veterans and dependents to seek legal recourse; and

"(7) perform such other duties, functions, and responsibilities as the Administrator and the Task Force consider necessary and appropriate.

"(d) There is established within the Task Force a section on the evaluation, recognition, utilization, and accreditation of military training, service, education, and experience. Such section shall—

"(1) promote and encourage public and private efforts to (A) publicize, utilize, and recognize the skills, experience, training maturity, and leadership ability of veterans, and (B) promote employment and the utilization of readjustment education and training benefits and assistance consistent with the abilities of veterans;

"(2) advise and assist in the coordination and utilization of readjustment services, benefits, and programs, especially the education and training assistance accorded under chapters 31, 33, 34, 36, and 45 of this title, to insure that the readjustment assistance accorded veterans and their dependents will help achieve meaningful and productive careers;

"(3) advise and assist, with the assistance and cooperation of all departments, agencies, and instrumentalities of the Federal Government concerned, the incorporation of relevant military training and experience into union apprenticeship and training programs;

"(4) advise and assist in the development of any transition training program or course instituted by the Armed Forces to augment the military training and experience of active duty personnel and to assist such personnel to meet employment or union apprenticeship standards after their release from active duty;

"(5) develop training and employment programs in cooperation with private industry to recognize and utilize the skills of veterans (acquired through readjustment assistance) as well as the leadership abilities and other assets possessed by veterans;

"(6) work in cooperation and consultation with educational and training institutions to evaluate (and, where appropriate, grant academic accreditation or other appropriate recognition for) the special education and training given to members of the Armed Forces, including, but not limited to, training received under the general educational development program, the college level examination program, Project Ahead, and courses given by the United States Armed Forces Institute;

"(7) advise and assist in the revision, expansion, and improvement of the guide to the evaluation of educational experience in the Armed Forces program;

"(8) promote the development of programs under which employers and employment agencies will evaluate and give appropriate recognition to military occupational specialties;

"(9) promote the incorporation of medical training and experience received in the Armed Forces into civilian health service training and employment programs; and

"(10) perform such other duties and functions as are necessary and appropriate, consistent with the purpose of this section.

"(e)(1) There shall be established a Presidential Commission on Veterans Affairs (hereinafter in this section referred to as the 'President's Commission') appointed by the President which shall be composed of persons who are eminent in their respective fields of education, labor, management, consumer protection, law enforcement, and representatives of the various types of institutions and establishments furnishing services or programs under this title. The President's Commission shall also include veterans' representatives of the various wars and eras and veterans' service organizations as well as nonaffiliated veterans. Special emphasis shall be placed upon the inclusion and participation of veterans receiving or requiring readjustment assistance resulting from service in the Armed Forces.

"(2) The President's Commission shall assist and advise the Administrator and the agencies, departments, and instrumentalities of the Federal Government in carrying out the functions, duties, and responsibilities of the Task Force. Members of the President's Commission and affected parties shall be consulted with regard to any and all significant matters affecting their specific areas of interest or jurisdiction.

"(f) Pursuant to the authority vested in the Administrator under section 3311 of this title, the Task Force and the sections established thereunder shall have the power to issue subpenas for and compel the attendance of witnesses within a radius of one hundred miles from the place of hearing, to require the production of books, papers, documents, and other evidence, to take affidavits, to administer oaths and affirmations, to aid in the preparation and presentation of litigation, and to conduct investigations and examine witnesses upon any matter within the jurisdiction of the Task Force and the President's Commission.

"(g)(1) The Task Force and the President's Commission shall submit a report to the President and to the Congress setting forth their actions, accomplishments, recommendations, and findings at such intervals as they shall determine.

The initial report shall be submitted not later than six months after the establishment of the Task Force and the President's Commission and thereafter reports shall be submitted at least annually. Such report shall include any recommendations for legislative, regulatory, or legal action necessary and appropriate to (A) carry out the functions of this title, and such other veterans' services and programs within the jurisdiction of the Task Force and the President's Commission as they deem appropriate, (B) preclude abuse of services, benefits, and programs for veterans and their dependents, and (C) ensure the effective implementation of such chapters and programs.

"(2) The Task Force and the President's Commission shall report to the Congress within one year after the date of enactment of this section with respect to the findings and recommendations of the Task Force and the President's Commission for post-Vietnam-era readjustment assistance programs, including recommendations for the desirability of continuing or modifying the programs established under chapters 32 and 33 of this title.

"(h) The Administrator of Veterans' Affairs shall furnish the Task Force and the President's Commission such support services, office space, and personnel as they may require to carry out their functions.".

(b) The item relating to section 1792 in the table of sections at the beginning of chapter 36 is amended to read as follows:

"1792. Interagency Veterans' Advisory Task Force; Presidential Commission on Veterans' Affairs.".

TITLE VII—JOB COUNSELING, TRAINING, AND PLACEMENT SERVICE FOR VETERANS

VETERANS' EMPLOYMENT REPRESENTATIVES

SEC. 701. The last sentence of section 2003 is amended—

(1) by striking out clause (6);

(2) by redesignating clause (7) as clause (8); and

(3) by inserting after clause (5) the following:

"(6) promote, develop, and provide technical assistance and training to implement the provisions of the Comprehensive Employment and Training Act relating to veterans (including employment, training, supportive services, technical assistance and training, support for community-based veterans' programs, and maintenance and expansion of private sector veterans' employment and training initiatives and such other programs as are necessary to serve the unique readjustment, rehabilitation, and employment needs of veterans through the Comprehensive Employment and Training Act) and monitor the implementation and operation of Comprehensive Employment and Training Act programs to assure that veterans receive services as required by such Act;

"(7) promote and assist in the development and implementation of chapter 45 and assure that eligible veterans and employers are advised of the opportunities under such chapter; and".

ESTIMATE OF FUNDS NECESSARY TO ADMINISTER PROVISIONS OF COMPREHENSIVE EMPLOYMENT AND TRAINING ACT RELATING TO VETERANS

SEC. 702. The first sentence of section 2006(a) is amended to read as follows: "The Secretary of Labor shall estimate the funds necessary for the proper and efficient administration of this chapter and of the provisions of the Comprehensive Employment and Training Act relating to veterans.".

TITLE VIII—EMPLOYMENT AND TRAINING OF POST-VIETNAM-ERA VETERANS

EMPLOYMENT ASSISTANCE FOR POST-VIETNAM-ERA VETERANS

SEC. 801. Paragraph (2) of section 2011 is amended by adding a new sentence (B) to read as follows:

"(B) a veteran who served on active duty after December 31, 1976, for a period of two years or more and was discharged or released therefrom under honorable conditions, or was discharged or released from active duty for a service-connected disability if any part of such duty was performed after December 31, 1976.".

VETERAN'S EMPLOYMENT EMPHASIS IN FEDERAL CONTRACTS

SEC. 802. The first sentence of section 2012(a) is amended by striking out the period at the end and inserting in lieu thereof the following: "and to make reasonable efforts to provide career development, advancement, and training opportunities to such veterans as authorized by chapter 45 of this title.".

VETERANS' EMPLOYMENT WITHIN THE FEDERAL GOVERNMENT

SEC. 803. Section 2014 is amended by redesignating subsections (d), (e), and (f) as subsections (e), (f), and (g), respectively, and by inserting after subsection (c) the following new subsection (d):

"(d) Each department, agency, and instrumentality in the executive branch shall develop goals and timetables for the hiring, placement, advancement, and training of eligible veterans under the provisions of chapter 45 of this title.".

TITLE IX—VETERANS CAREER DEVELOPMENT, ADVANCEMENT, AND TRAINING ASSISTANCE

ESTABLISHMENT OF CAREER DEVELOPMENT, ADVANCEMENT, AND TRAINING ASSISTANCE PROGRAM USING EDUCATIONAL ASSISTANCE ENTITLEMENT

SEC. 901. (a) Part III is amended by adding at the end thereof the following new chapter:

"CHAPTER 45—VETERANS CAREER DEVELOPMENT, ADVANCEMENT, AND TRAINING ASSISTANCE

"SUBCHAPTER I—PURPOSE; DEFINITIONS

"Sec.
"2101. Purpose.
"2102. Definitions.

"SUBCHAPTER II—ELIGIBILITY AND ENTITLEMENT

"2103. Establishment of program.
"2104. Eligibility; entitlement; duration.
"2105. Time limitations for completing a program of career development or training.
"2106. Occupational and vocational counseling.

"SUBCHAPTER III—ENROLLMENT

"2111. Selection of program.
"2112. Applications; approval.
"2113. Disapproval of enrollment in certain program.
"2114. Discontinuance for unsatisfactory conduct or progress.

"SUBCHAPTER IV—PAYMENTS TO ELIGIBLE EMPLOYERS

"2121. Career development and advancement and career development and training allowances.
"2122. Computation of career development and advancement and career development and assistance allowances.
"2123. Payment of career development and advancement or career development and training assistance allowances.

"SUBCHAPTER V—APPROVAL

"2131. Approval of programs.
"2132. Authority for approval.

"2133. Approval of career development and training programs.
"2134. Notice of approval of programs.
"2135. Disapproval of programs.
"2136. Overpayments to eligible employers.
"2137. Discontinuances of allowances; examination of records; false or misleading statements.
"2138. Change of program.
"2139. Compliance surveys of employers.
"2140. Duties of the Secretary of Labor.
"2141 Veterans information and outreach.
"2142. Termination dates.

"SUBCHAPTER I—PURPOSE; DEFINITIONS

"§ 2101. Purpose

"The Congress hereby declares that the career development, advancement, and training program created by this chapter is for the purpose of—

"(1) extending the benefits of a meaningful career to qualified and deserving veterans who might otherwise be unable to attain a meaningful career opportunity;

"(2) providing vocational readjustment and restoring lost career opportunities to those individuals whose careers have been interrupted or impeded by reason of active military service after August 4, 1964;

"(3) aiding such individuals in attaining the vocational and occupational status which they might normally have aspired to and obtained had they not served their country; and

"(4) providing an opportunity for such individuals to attain their full employment capability, to increase their earned income, and to attain economic self-sufficiency.

“§ 2102. Definitions

“For the purposes of this chapter—

“(a)(1) The term ‘eligible veteran’ means a veteran who—

“(A) served on active duty for a period of more than one hundred and eighty days, any part of which occurred after August 4, 1964, and before January 1, 1977, and was discharged or released therefrom under conditions other than dishonorable;

“(B) contracted with the Armed Forces and was enlisted in or assigned to a Reserve component prior to January 1, 1977, and as a result of such enlistment or assignment served on active duty for a period of more than one hundred and eighty days, any part of which commenced within twelve months after January 1, 1977, and was discharged or released from such active duty under conditions other than dishonorable;

“(C) was discharged or released from active duty, any part of which was performed after August 4, 1964, and before January 1, 1977, or following entrance into active service from an enlistment provided for under clause (B) of this paragraph, because of a service-connected disability; or

"(D) who served on active duty after December 31, 1976, for a period of two years or more and was discharged or released therefrom under honorable conditions, or was discharged or released from active duty for a service connected disability if any part of such duty was performed after December 31, 1976.

"(2) For purposes of paragraph (1)(A) of this subsection and section 1661(a) of this title, the term 'active duty' does not include any period during which an individual (A) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (B) served as a cadet or midshipman at one of the service academies, or (C) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard or as a Reserve, Marine Corps Reserve, or Coast Guard Reserve unless at some time subsequent to the completion of such period of active duty for training such individual served on active duty for a continuous period of one year or more (not including any service as a cadet or midshipman at one of the service academies).

"(b) The term 'eligible employer', when used with respect to the employment of a veteran, means any public or private employer who meets the criteria set forth in this chapter and such other criteria as the Administrator considers necessary and appropriate.

"(c) The term 'dependent' means—

"(1) a child of an eligible veteran;

"(2) a dependent parent of an eligible veteran; and

"(3) the spouse of an eligible veteran.

"SUBCHAPTER II—ELIGIBILITY AND ENTITLEMENT

"§ 2103. Establishment of program

"(a) The Administrator shall establish a program in accordance with this chapter to assist eligible veterans in selecting and pursuing career development and advancement programs and career development and training programs.

"(b) A career development and advancement program is a program under this chapter that will assist an eligible veteran to acquire full-time permanent employment or to advance in such veteran's chosen career and to increase such veteran's earned income and economic self-sufficiency through a partial subsidy of such veteran's wages and benefits.

"(c) A career development and training program is a program under this chapter that will assist an eligible veteran to acquire full-time permanent employment, to advance in such veteran's chosen occupation, and to increase such veteran's earned income and economic self-sufficiency through a subsidy of training costs and partial subsidy of such veteran's wages and benefits.

"§ 2104. Eligibility; entitlement; duration

"(a) Subject to section 2122 of this chapter, an eligible veteran is entitled to a career development and advancement allowance or a career development and training allowance under this chapter in an amount equal to the amount of the entitlement of such veteran, and for the period of the entitlement of such veteran, remaining under the provisions of section 1647, 1661 or section 1631 of this title, as the case may be.

"(b) Entitlement under this chapter in the case of any eligible veteran may not exceed the number or months specified in section 1622(a) of this title.

"(c) A veteran described in clause (A) or (B) of paragraph (1) of section 2122(a) of this title whose annual income exceeds $13,000 at the time of application for assistance under this chapter may not participate unless the Administrator determines that the participation of such veteran is necessary and appropriate for such veteran's readjustment, rehabilitation, or productive employment.

“§ 2105. Time limitations for completing a program of career development or training

“Notwithstanding the provisions of section 1662 of this title, an eligible veteran may pursue a program of career development and advancement or a program of career development and training under this chapter if such veteran otherwise meets the eligibility criteria set forth in this chapter.

“§ 2106. Occupational and vocational counseling

“The counseling to be made available under section 1663 of this title shall include such occupational skills assessment counseling and assistance as the Administrator determines to be necessary and appropriate for the effective implementation of this chapter.

“SUBCHAPTER III—ENROLLMENT

“§ 2111. Selection of program

“Subject to the provisions of this chapter, an eligible veteran may select a program of career development and advancement or a program of career development and training with an eligible employer for the purpose of assisting such veteran in attaining an occupational, professional, or vocational objective or advancing in such veteran’s chosen career field (approved in accordance with the provisions of this chapter) selected by the eligible veteran, if such eligible employer hires such veteran into its regular workforce with the expectation by the employer of permanent employment of the veteran after the training and career development assistance ends.

"§ 2112. Applications; approval

"(a) An eligible veteran who desires to undertake a program of career development and advancement or career development and training under this chapter shall submit an application for such program to the Administrator in such form and containing such information as the Administrator may prescribe. The Administrator shall approve such an application unless the Administrator finds that the veteran is not eligible for or entitled to the career development and advancement or career development and training assistance applied for, that the veteran's program of career development and advancement or career development and training applied for fails to meet the requirements of this chapter, that the veteran is already qualified, or that such veteran's readjustment or employment would not be assisted or advanced by participation in such program.

"(b) Upon approval the Administrator shall provide such eligible veteran with a career development advancement and training voucher. Such voucher shall designate the amount of such veteran's entitlement and shall be in such form and manner as to enable an eligible veteran to develop initial career development, advancement and training opportunities, and programs with potential eligible employers.

"§ 2113. Disapproval of enrollment in certain program

"The Administrator may not approve the enrollment of a veteran in a program for employment—

"(1) which consists of seasonal, intermittent, or temporary jobs, except that the Administrator may approve enrollment in a program for employment on a seasonal basis if the Administrator determines such action appropriate under all the circumstances;

"(2) which pays less than $4 per hour (exclusive of benefits and other nonmonetary remuneration) unless the Administrator determines in a particular case that this clause shall not apply;

"(3) which is outside the United States or its territories or possessions;

"(4) under which commissions are the primary source of income;

"(5) which involves political or religious activities;

"(6) which is in an industry in which a substantial number of experienced and able workers are unemployed;

"(7) under which the job is above entry level, except when applicable personnel procedures and collective bargaining procedures regarding the advancement of currently employed workers are complied with;

"(8) which would result in the displacement of any currently employed worker (including partial displacement such as a reduction in the amount of non-overtime work); or

"(9) in a job which if filled would replace any worker who is on layoff or on strike.

"§2114. Discontinuance for unsatisfactory conduct or progress

"(a) The Administrator shall discontinue the career development and advancement allowance or the career development and training allowance of a veteran if the Administrator finds that, according to the standards that the Administrator may prescribe or the regularly prescribed standards of the eligible employer, the conduct or progress of the veteran is unsatisfactory. Unless the Administrator finds there are mitigating circumstances, progress will be considered unsatisfactory at any time the veteran is not progressing at a rate that will permit the veteran to complete training, retain such employment, or advance in such career field according to criteria set forth in this chapter or in agreements certified to the Veterans' Administration or within such other length of time (exceeding such approved length) as the Administrator determines to be reasonable in accordance with regulations.

"(b) The Administrator may renew the payment of a career development and advancement allowance or the career development and training allowance suspended under subsection (a) of this section only if the Administrator finds that—

"(1) the cause of the unsatisfactory conduct or progress of the veteran has been removed; and

"(2) the program which the veteran now proposes to pursue (whether the same as the program originally pursued or revised) is suitable to the aptitudes, interests, and abilities of the veteran.

"SUBCHAPTER IV—PAYMENTS TO ELIGIBLE EMPLOYERS

"§ 2121. Career development and advancement and career development and training allowances

"The Administrator shall, in accordance with the applicable provisions of this title, pay to each eligible employer on behalf of each eligible veteran pursuing a program of career development and advancement or career development and training under this chapter with such employer a monthly allowance (computed under section 2122 of this title) to meet, in part, the expenses of such veteran's wages, benefits, and training and other necessary or appropriate costs.

"§ 2122. Computation of career development and advancement and career development and assistance allowances

"(a)(1) Subject to the provisions of subsections (b) and (c) of this section, the amount of a career development and advancement or career development and training allowance to be paid under section 2121 of this title may not exceed the applicable amount provided under section 1682(a)(1) of this title in the case of a veteran whose eligibility is derived under chapter 33 or 34 of this title and who is pursuing a full-time program of institutional training as determined by the veteran's dependency status. Such assistance shall be paid for a period of—

"(A) twelve months, for an eligible veteran with a service-connected disability who served on active duty during the Vietnam era and is entitled to disability compensation under laws administered by the Veterans' Administration;

"(B) nine months, for an eligible veteran who served on active duty in the Indochina theater of operations during the Vietnam era or who served on active duty for a period of two years after December 31, 1976.

"(2) Assistance under this chapter shall be paid for a period of eighteen months in the case of an eligible veteran who, after counseling under section 1663 of this title, is found to be experiencing serious rehabilitation, readjustment, or employment problems that require an extension of the time period authorized under the second sentence of paragraph (1) of this subsection in order to allow the veteran to pursue and satisfactorily complete a program of career development and advancement or a program of career development and training under this chapter.

"(b) The amount of a career development and advancement allowance paid to an eligible employer on behalf of an eligible veteran—

"(1) may not exceed one-third of the gross wages and benefits paid by such employer to such eligible veteran; and

"(2) may not exceed the amount of increased gross wages and benefits of any eligible veteran whose career has been advanced under this program.

"(c) The amount of a career development and training allowance paid to an eligible employer on behalf of an eligible veteran—

"(1) may not exceed the actual cost of training as provided in section 2133 of this title plus an amount equal to one-fourth of the amount in wages and benefits paid by such employer to such eligible veteran, except that the total amount may not exceed an amount equal to 50 per centum of the wages and benefits paid by such employer to such eligible veteran, unless intensive training or additional training arrangements are necessary for veterans with severe employability problems, particularly for disabled veterans; and

"(2) may not exceed by more than twice the annual amount of increased gross wages and benefits of any eligible veteran whose career and income have been advanced through training under this program.

"(d) A career development and advancement allowance or career development and training allowance paid under this section shall be charged against the period of entitlement of the eligible veteran under section 1647, 1661(a) or section 1631(a) of this title, as appropriate.

"§ 2123. Payment of career development and advancement or career development and training assistance allowances

"(a) Payment of a career development and advancement allowance on behalf of a veteran for any period may not be made to an eligible employer employing such veteran until the Administrator has received—

"(1) from such veteran, a certification as to such veteran's actual employment with such employer and attendance during such period; and

"(2) from the employer, a certification (or an endorsement on the eligible veteran's certification) that such veteran was satisfactorily employed and pursuing a program of career development and advancement during such period.

"(b) Payment of a career development and training allowance on behalf of a veteran may not be made to an eligible employer employing such veteran until the Administrator has received—

"(1) from such veteran, a certification as to such veteran's actual employment, attendance, and training with such employer during such period; and

"(2) from the employer, a certification (or an endorsement on the veteran's certification) that such veteran was employed and progressing satisfactorily while pursuing a program of career development and training during such period.

"(c) Payment of career development, advancement, or training allowances shall be made every ninety days unless otherwise designated by the Administrator.

"SUBCHAPTER V—APPROVAL

"§ 2231. Approval of programs

"An eligible employer may be paid a career development and advancement allowance or a career development and training allowance on behalf of an eligible veteran participating in a career development and advancement program or a career development and training program offered by such employer only if such program is approved in accordance with this subchapter.

"§ 2132. Authority for approval

"Subject to the provisions of this title and such regulations the Administrator may prescribe, a program of career development and advancement or career development and training may be approved—

"(1) by the Administrator, the Secretary of Labor, by a prime sponsor designated under section 101 of the Comprehensive Employment and Training Act or, in the case of a program of career development and training involving apprenticeship, by an approving agency meeting the standards of apprenticeship published by the Secretary of Labor pursuant to section 2 of the Act of August 16, 1937 (commonly referred to as the 'National Apprenticeship Act') (29 U.S.C. 5a); or

"(2) by such other means as the Administrator may consider appropriate.

"§ 2133. Approval of career development and training programs

"(a) Any entity having authority under section 2132 of this title to approve programs under this chapter (hereinafter in this chapter referred to as an 'approving agency') may not approve a program of career development and training (other than a program of apprenticeship) unless it finds that the career which is the objective of the training is one in which progression and appointment to the next higher classification are based upon skills learned through organized and supervised training (including cooperative training, as defined in section 1682(a)(2) of this title), and not on factors such as length of service and normal turnover, and that the provisions of subsections (b), (c), and (d) of this section are met.

"(b) The employer or training establishment offering training which is desired to be approved for the purposes of this chapter must submit to the appropriate approving agency a written application for such approval which, in addition to furnishing such information as is required by the approving agency, shall contain a certification that—

"(1) the wages and benefits to be paid to veterans participating in a program under this chapter are not less than the wages and benefits normally paid for the job for which the veteran is to be trained;

"(2) the amount of the career development and training allowance to be paid to such employer on behalf of a veteran does not exceed the actual cost of the training plus an amount equal to one-fourth of the amount in wages and benefits paid to the veteran, except that the total amount may not exceed an amount equal to 50 per centum of the wages and benefits paid to the veteran, unless intensive training or additional training arrangements are necessary for veterans with severe employability problems, and particularly for disabled veterans; and

"(3) there is reasonable certainty that the career or position for which the veteran is to be trained will be available to such veteran at the end of the training period.

"(c) Before approving a program of career development and training (other than a program of apprenticeship), the approving agency must find (upon investigation) that the following criteria are or will be met by the employer applying for approval:

"(1) The training content of the course is adequate to qualify a veteran participating in the program for appointment to a position in the career field for which such veteran is to be trained.

"(2) The career field or position customarily requires full-time training for a period of not less than four months.

"(3) The length of the training period under the proposed program is not longer than that customarily required by employers and training establishments in the community to provide a person with the required skills and to arrange for the acquisition of job knowledge, technical information, and other facts which a veteran will need to learn in order to become competent in the career field or position for which the veteran is being trained.

"(4) Provision is made for related instruction for individual veterans who may need related instruction.

"(5) There is in the training establishment or place of employment adequate space, equipment, instructional material, and instructor personnel to provide satisfactory training on the job.

"(6) Adequate records will be kept to show the progress made by each veteran participating in the program toward such veteran's career objective.

"(7) The course of training will not be given to veterans who are already qualified by training and experience for the career or position.

"(8) A signed copy of the training agreement for each eligible veteran, including the training program and wage scale as approved by the approving agency, will be provided by the employer to the veteran, the Administrator, and the approving agency.

"(9) Reasonable efforts will be made to provide special training and employment opportunities and working conditions for disabled veterans.

"(10) The program meets such other criteria as may be established by the approving agency.

"(11) There is a reasonable certainty that a position for which a veteran was hired, or a position to which a veteran is intended to be promoted, will be reasonably available for the veteran at the end of the period for which a career development and advancement allowance was paid to the eligible employer.

"(d) Before approving a program of career development and advancement, the approving agency must find (upon investigation) that the following criteria are or will be met by the employer applying for approval:

"(1) The program offered by the employer is not one described in section 2113 of this title.

"(2) The selection of eligible veterans for hiring, upgrading, promotion, or advancement will be based upon the potential and qualifications of such veterans for the career or advancement the veterans are seeking.

"(3) The program will provide eligible veterans with reasonable progression, resulting in qualification for a recognized position of greater skill, responsibility, remuneration, or career advancement in the employment of such employer.

"(4) Adequate personnel, attendance, and progress records will be maintained.

"(5) The program is designed so that, to the extent feasible, additional vacancies will be created for new entry level employment and training opportunities for women and members of appropriate minority groups (as determined by the Administrator in consultation with the Director of the Office of Personnel Management).

"(6) Compensation will be paid by the employer at rates, including periodic increases, considered by the approving agency to be reasonable, considering such factors as industry practice, skill requirements, individual proficiency, geographical region, and a veteran's dependency status, age, and previous work experience.

"(7) The employer is financially sound and capable of fulfilling its commitments.

"(8) A comprehensive job description is available for each job or position for which approval is requested.

"(9) The employer will not exceed enrollment limitations as established by the approving agency.

"(10) If a career development and advancement program is for or from positions covered by a collective-bargaining agreement, arrangements with the employer to carry out the program have the concurrence of labor organizations representing employees in such positions.

"§ 2134. Notice of approval of programs

"The approving agency, upon determining that an eligible employer has complied with the requirements of this chapter, shall issue a certification to such employer setting forth the jobs or positions which have been approved for a program of career development and advancement or a program of career development and training for the purposes of this chapter and shall furnish a copy of such certificate and any subsequent amendment of such certificate to the Administrator and to the Secretary of Labor. The certificate of approval shall be accompanied by a copy of a catalog or bulletin of the eligible employer as approved by the approving agency, and shall contain the following information:

"(1) The date of certification and the effective date of approval of programs.

"(2) The name and address of the employer.

"(3) The authority for approval and the conditions of approval, referring specifically to the approved catalog or bulletin published by the eligible employer.

"(4) The name and description of each job, career, position, or advancement opportunity approved.

"(5) If applicable, limitations with respect to enrollment, hiring, and advancement.

"(6) The signature of responsible official of the appropriate approving agency.

"(7) Such other provisions as are considered necessary by the appropriate approving agency.

"§ 2135. Disapproval of programs

"Any program of career development and advancement or career development and training approved for the purposes of this chapter which after such approval fails to meet any of the requirements of this chapter shall immediately be disapproved by the appropriate approving agency. An eligible employer which has its program disapproved by an approving agency under this section shall be notified of such disapproval by a certified or registered letter of notification, and a return receipt shall be secured.

"§ 2136. Overpayments to eligible employers

"Whenever the Administrator finds that an overpayment has been made to an eligible employer under this chapter as the result of (1) the willful or negligent failure of such employer to report, as required by this chapter and applicable regulations, to the Administrator excessive absences from work or discontinuance or interruption of a program of career development and advancement or career development and training by such veteran, or (2) false certification by an eligible employer, the amount of such overpayment shall constitute a liability of such employer and may be recovered in the same manner as any other debt due the United States, and such employer shall be suspended from further participation in any program under this chapter. This section shall not preclude the imposition of any civil or criminal liability under any other law.

"§2137. Discontinuances of allowances; examination of records; false or misleading statements

"(a)(1) The Administrator may discontinue a career development and advancement or career development and training allowance paid to an eligible employer on behalf of an eligible veteran if the Administrator finds that the program of career development and advancement or career development and training or any job, career, or position in which such veteran is enrolled or employed fails to meet any of the requirements of this chapter or applicable provisions of this title, or if the Administrator finds that the employer offering such program or employment has violated any provision of this chapter or fails to meet any of the requirements of this title.

"(2) Any action by the Administrator under paragraph (1) of this subsection to discontinue (or suspend) assistance provided to an eligible employer on behalf of an eligible veteran under this chapter shall be based upon evidence that the eligible employer or eligible veteran is not or was not entitled to such assistance. Whenever the Administrator so discontinues any such assistance, the Administrator shall immediately provide written notice to such employer and such eligible veteran of such discontinuance, including a statement of the reasons therefor.

"(b) Notwithstanding any other provision of law, the records and accounts of eligible employers pertaining to eligible veterans who have received career development and advancement or career development and training assistance under the provisions of this chapter or applicable provisions of this title, as well as other records which the Administrator determines necessary to ascertain compliance with the requirements of this chapter, shall be available at a reasonable time for examination by authorized representatives of the Government.

"(c) Whenever the Administrator determines that an eligible employer has willfully submitted a false or misleading claim, or that a veteran, with the complicity of an employer, has submitted such a claim, the Administrator shall make a complete report of the facts thereof to the appropriate approving agency and, if considered advisable, to the Attorney General of the United States for appropriate action.

"§ 2138. Change of program

"(a) Except as provided in subsections (b) and (c) of this section, an eligible veteran may make not more than one change of program of career development and advancement or career development and training under this chapter, but an eligible veteran whose program has been interrupted or discontinued due to the veteran's own neglect, or the veteran's own lack of application, shall not be entitled to make any such change.

"(b) The Administrator may approve one additional change in program (or an initial change in the case of a veteran not eligible to make a change under subsection (a) of this section) if the Administrator finds—

"(1) that the program of career development and advancement or career development and training which the veteran proposes to pursue is suitable to the veteran's aptitudes, interests, and abilities; or

"(2) in any instance where the eligible veteran has interrupted, or failed to progress in, the veteran's program due to the veteran's own misconduct, the veteran's own neglect, or the veteran's own lack of application, that there is a reasonable likelihood with respect to the program which the eligible veteran proposes to pursue that there will not be a recurrence of such an interruption or failure to progress.

"(c) The Administrator may also approve additional changes in the program if the Administrator finds such changes are required by circumstances beyond the control of the veteran.

"(d) As used in this section, the term 'change of program of career development and advancement or career development and training' shall not be considered to include a change from the pursuit of one program to pursuit of another when the first program is a prerequisite to, or generally required for, entrance, promotion, or advancement into pursuit of the second.

"§ 2139. Compliance surveys of employers

"The Administrator shall periodically conduct compliance surveys of employers offering one or more programs of career development and advancement or career development and training approved for the enrollment of eligible veterans under the provisions of this chapter. Such surveys shall be made to assure that the eligible employer and the approved programs are in compliance with applicable provisions of this title.

"§ 2140. Duties of the Secretary of Labor

"(a) The Secretary of Labor shall provide for the participation of eligible veterans in career development and advancement and career development and training programs authorized under this Act and under section 121(b)(2)(A) of the Comprehensive Employment and Training Act. In carrying out this responsibility, the Secretary of Labor shall consult with and solicit the cooperation of the Administrator. Actions by the Secretary of Labor under this section shall include the development of career development and advancement and career development and training programs, supportive services, technical assistance and training, support for community-based veterans programs, and such other programs as are necessary to serve the unique readjustment, rehabilitation, and employment needs of eligible veterans.

"(b) The Secretary of Labor shall make special efforts to acquaint eligible veterans with the career development and advancement and career development and training opportunities available under this chapter and to coordinate such opportunities with those job opportunities authorized under chapters 41 and 42 of this title and other similar job opportunities offered by other public agencies and organizations.

"(c) Entities which are prime sponsors under the Comprehensive Employment and Training Act shall provide such arrangements (to include program approval) as may be necessary and appropriate to promote maximum feasible development and use of career development and advancement and career development and training programs and opportunities authorized under this chapter.

"§ 2141. Veterans information and outreach

"The Administrator (in consultation and cooperation with the Secretary of Labor and the Secretary of Health and Human Services) shall provide for an outreach and public information program utilizing, to the maximum extent feasible, the facilities of the Department of Labor to carry out efforts to develop career development and advancement and career development and training programs and opportunities for eligible veterans and to inform such veterans about employment, job development, advancement, and training opportunities under this title and other provisions of law and to inform prime sponsors, Federal contractors and subcontractors, Federal agencies, labor unions, educational institutions, and employers of their legal responsibilities and opportunities with respect to such veterans and to provide them with technical assistance and training in meeting those responsibilities.

"§ 2142. Termination dates

"A veteran may not apply for a program of career development and advancement or career development and training under this chapter after the end of the eighteen-month period beginning on the effective date of this chapter. A career development and advancement or career development and training allowance may not be paid to an eligible employer on behalf of an eligible veteran after the end of the thirty-six-month period beginning on the effective date of this chapter.".

(b) The table of chapters preceding part I and the table of chapters at the beginning of part III are amended by adding after the item relating to chapter 43 the following new item:

"45. Veterans Career Development, Advancement, and Training Assistance .... 2101.".

TITLE X--HONORABLE DISCHARGE (LIMITED)

CREATION OF DISCHARGE CATEGORY OF HONORABLE DISCHARGE (LIMITED); ELIGIBILITY AND CONSEQUENCES

SEC. 1001. (a) Section 3103 is amended by adding at the end thereof the following new subsection:

"(f)(1) In the case of any individual discharged or dismissed from the Armed Forces under conditions other than honorable (other than an individual discharged or dismissed by sentence of a general court-martial), the appropriate board of review established under section 1553 of title 10 may issue to such individual an honorable discharge (limited) if the board determines that such individual has been rehabilitated, that such individual's character is good, and that such individual's conduct, activities, and habits since such individual's last discharge or dismissal have been exemplary for a reasonable period of time.

"(2) In making any determination under paragraph (1) of this subsection in the case of any individual, a board of review shall take into consideration, among other things—

"(A) all of the mitigating and extenuating factors in the case;

"(B) the conditions that prevailed at the time of the incident, statement, attitude, or act which led to the original discharge or dismissal;

"(C) the age of the individual at the time of the incident, statement, attitude, or act which led to the original discharge or dismissal;

"(D) the normal punishment and length of sentence that might have been adjudged had the act or incident been committed in civilian life; and

"(E) the moral turpitude, if any, involved in the incident, statement, attitude, or act which led to the discharge or dismissal.

"(3) In considering the case of any individual described in paragraph (1) of this subsection, a board of review shall consider such oral or written evidence as it considers appropriate, including—

"(A) a statement from the chief law enforcement officer of the city, town, or county in which the individual resides attesting to the individual's general reputation insofar as police and court records are concerned;

"(B) if the individual is employed, a statement from the individual's employer attesting to the individual's general reputation and employment record;

"(C) statements from individuals attesting that they have personally known the individual as a person of good reputation and exemplary conduct and further attesting to the actual contact with the individual concerned; and

"(D) such other evidence as the board of review may obtain by independent investigation.

"(4) Applications and reapplications for correction of records under this subsection may be filed at any time after the end of the eighteen-month period beginning on the date of the original discharge.

"(5) No benefits under the laws of the United States shall automatically be afforded any individual issued an honorable discharge (limited) under this subsection unless such individual would be entitled to such benefits under the original discharge or dismissal of such individual. The Veterans' Administration and other departments and agencies of the Federal Government may provide such benefits and services that (A) an individual issued an honorable discharge (limited) would otherwise be entitled to receive had the character of such individual's original service been under honorable conditions, and (B) are considered necessary and appropriate for such individual's readjustment or rehabilitation.

"(6) Under no circumstances may an honorable discharge (limited) be issued in lieu of consideration and relief to which an individual might otherwise be entitled.

"(7) An individual who has been issued a general discharge under honorable conditions shall be deemed to meet the requirements for an honorable discharge (limited) under this section and shall be issued a fully honorable discharge unless the board of review determines for good cause that such discharge should not be issued to such individual.

"(8) An honorable discharge (limited) certificate issued under this section on behalf of any individual shall be the same as a fully honorable discharge certificate and all records and information pertaining to such individual's original conduct and characterization of service shall be considered confidential.".

(b)(1) The heading of such section is amended to read as follows:

"§ 3103. Certain bars to benefits; discharge review procedures".

(2) The item relating to such section in the table of sections at the beginning of chapter 53 is amended to read as follows:

"3103. Certain bars to benefits; discharge review procedures.".

TITLE XI—EFFECTIVE DATE

EFFECTIVE DATE

SEC. 1101. The amendments made by this Act shall take effect on October 1, 1981.

II

97TH CONGRESS
1ST SESSION

S. 48

To amend title 10, United States Code, to provide expanded opportunities for individuals to earn education benefits based on honorable active service in the armed forces, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 6 (legislative day, JANUARY 5), 1981

Mr. COHEN introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 10, United States Code, to provide expanded opportunities for individuals to earn education benefits based on honorable active service in the armed forces, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Armed Forces Earned Educational Assistance Act".

SEC. 2. (a) Title 10, United States Code, is amended by inserting after chapter 106 the following new chapter:

"CHAPTER 107—ARMED FORCES EARNED EDUCATIONAL ASSISTANCE PROGRAM

"Sec.
"2141. Purpose.
"2142. Definitions.
"2143. Eligibility and entitlement.
"2144. Duration; limitations.
"2145. Applicability of certain provisions of title 38.
"2146. Reporting requirements.

"§ 2141. Purpose

"The purpose of this chapter is to demonstrate that educational benefits provided as inducement will exact honorable service among armed forces enlistees, and that this inducement will reduce first term attrition among volunteers and foster retention in both the regular and reserve components of the armed forces. The program is designed to provide benefit to both the military service and the individual volunteer.

"§ 2142. Definitions

"In this chapter:

"(1) 'Eligible member' means any person who—

"(A) enlists or reenlists in the armed forces on or after the date of the enactment of this chapter;

"(B) serves on active duty in fulfillment of such enlistment or reenlistment and is discharged or released therefrom under honorable conditions; and

"(C) had, at the time of such enlistment or reenlistment, a high school diploma (or equivalent, as determined by the Secretary of Defense);

"(2) 'Active duty' does not include any period during which a person—

"(A) is assigned full time by the armed forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians;

"(B) serves as a cadet or midshipman at one of the service academies; or

"(C) serves under the provisions of section 511(d) of this title pursuant to an enlistment in the Army National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(3) 'Critical military skill' means any combat-related occupational skill or other skill which the Secretary concerned designates as critical.

"(4) 'Noncritical skill' means any skill not designated as a critical military skill.

"(5) 'Secretary' means the Secretary of a military department or the Secretary of Transportation in the case of the Coast Guard when it is not operating as a service in the Navy.

"§ 2143. Eligibility and entitlement

"(a) Each person who enlists or reenlists for the first time in the armed forces after the date of the enactment of this chapter for a period of two or more years, and at the time of such enlistment or reenlistment is designated as a person with a critical military skill, shall be entitled to educational assistance under this chapter as follows:

"(1) At the end of the first twenty-four months of active duty, such person shall be entitled to eighteen months of educational assistance (or the equivalent thereof in part-time educational assistance).

"(2) For active duty performed during the third twelve-month period of active duty, such person shall be entitled to one-half month of educational assistance (or the equivalent thereof in part-time educational assistance for each one month of active duty).

"(3) For active duty performed during the fourth twelve-month period of active duty, such person shall be entitled to one month of educational assistance (or the equivalent thereof in part-time educational assistance) for each month of active duty.

"(b) Each person who enlists or reenlists for the first time in the armed forces after the date of the enactment of this chapter for a period of two years, and at the time of enlistment or reenlistment is designated as a person with a noncritical skill, shall be entitled to twelve months of educational assistance (or equivalent thereof in part-time educational assistance) upon completion of two years of active duty. Such person may acquire additional educational assistance benefits at the rate of one month of educational assistance for each two months of active duty.

"(c) An eligible member may become entitled to a maximum of thirty-six months of educational assistance under this chapter (or the equivalent thereof in part-time educational assistance).

"(d) No educational assistance shall be afforded to any member who fails to complete the first two years of such enlistment or reenlistment under honorable conditions.

"(e) Except as otherwise provided in this chapter, the Administrator of Veterans' Affairs shall pay to each eligible member who is pursuing a program of education under this chapter an educational assistance allowance in the same amount, for the same purpose, and under the same circumstances as would be paid if such member were pursuing a program of education under chapter 34 of title 38.

"§ 2144. Duration; limitations

"(a) No educational assistance shall be afforded an eligible person under this chapter beyond the date of ten years after such person's last discharge from active duty.

"(b) Members who have established basic eligibility under subsection (a) or (b) of section 2143 of this title may be allowed benefits under section 2143(e) of this title while continuing on active duty.

"(c) No service other than active duty as described in section 2142(2) of this title may be considered in computing benefits under sections 2143 (a) and (b) of this title.

"§ 2145. Applicability of certain provisions of title 38

"The provisions of sections 1670, 1671, 1673, 1674, 1676, and 1686, and of chapter 36, of title 38 (except sections 1777, 1780(c), and 1787) shall be applicable to the educational assistance provided under this chapter.

"§ 2146. Reporting requirements

"(a) The Administrator of Veterans' Affairs and the Secretary of Defense shall, within ninety days after the date of the enactment of this chapter, submit to Congress a joint report containing their respective plans for the implementation of this chapter.

"(b) The Secretary of Defense shall report to the Congress semiannually on the operation of the program provided for in this chapter. Such report shall include—

"(1) the number of original enlistments and the number of first reenlistments during the preceding six-month period;

"(2) the retention and attrition rates during such period; and

"(3) a comparison of the enlistment, reenlistment, retention, and attrition rates during such period with those for comparable periods in the preceding five years.".

(b) The tables of chapters at the beginning of subtitle A, and at the beginning of part III of subtitle A, of title 10, United States Code, are each amended by inserting after the item relating to chapter 106 the following new item:

"107. Armed Forces Earned Educational Assistance Program.................... 2141".

SEC. 3. Section 269 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(h)(1) Notwithstanding any other provision of this section, except as provided in paragraph (2) and under such regulations as the Secretary concerned may prescribe any person who, on or after the date of the enactment of this subsection, enlists for the first time in the armed forces may, at the discretion of the Secretary concerned, be released from active duty, placed in the Selected Reserve, and required to serve in such Selected Reserve for a period which, when added to the period of active duty served under such enlistment, equals four years. Upon completion of the term for which such person is required to serve in the Selected Reserve, such person shall, upon request, be transferred to the Ready Reserve and serve as a member thereof for such period as may be required by law or regulation. Any such person who serves on active duty under such enlistment for a period of four or more years shall, upon release, be placed in the Ready Reserve and serve as a member thereof for such period, if any, as may be required by law or regulation.

"(2) Notwithstanding any other provision of this section, any person who, on or after the date of enactment of this section, reenlists in the armed forces for the first time and such reenlistment is for a period of two years or more may, at the discretion of the Secretary concerned, be released or discharged and, if such person has not completed the required reserve obligation, be placed in the Ready Reserve and serve in such Ready Reserve for such period as may be necessary to complete his or her reserve obligation.".

SEC. 4. (a) The amendments made by this Act shall take effect on October 1, 1980.

(b) Appropriations and expenditures under the program provided for in the amendments made by section 2 of this Act shall be considered to be functions of the Department of Defense for budget purposes rather than functions of the Veterans' Administration.

II

97TH CONGRESS
1ST SESSION

S. 105

To amend chapter 34 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to extend, under certain circumstances, the period within which a veteran must complete a program of education under such chapter.

IN THE SENATE OF THE UNITED STATES

JANUARY 15 (legislative day, JANUARY 5), 1981

Mr. INOUYE (for himself and Mr. MATSUNAGA) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend chapter 34 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to extend, under certain circumstances, the period within which a veteran must complete a program of education under such chapter.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1662 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"Extension of Delimiting Period

"(f) Notwithstanding any other provision of this subsection, other than subsection (e), the Administrator is authorized to extend, for such period as the Administrator deems appropriate, the delimiting period applicable to any veteran when such veteran can demonstrate a compelling reason for such veteran's inability to complete such veteran's educational program within the delimiting period otherwise applicable. The Administrator shall issue regulations specifying the reasons for which extensions under this subsection will be granted.".

[No. 42]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' AMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., July 27, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for the views of the Veterans' Administration on S. 105, 97th Congress, a bill "To amend chapter 34 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to extend, under certain circumstances, the period within which a veteran must complete a program of education under such chapter."

This measure would amend 38 U.S.C. §1662 to grant authority to the Administrator to extend, for an appropriate period, any eligible veteran's 10-year delimiting period whenever such veteran has demonstrated "a compelling reason' for his or her inability to complete a program of education during the 10-year period. The Administrator would be required to issue regulations specifying the "compelling" reasons for which extensions of the eligibility period would be granted.

The basic intent of the chapter 34 GI Bill educational assistance program from its inception has been to assist in the readjustment of veterans from military to civilian life. When the Congress originally enacted the current program in 1966, it provided an 8-year period in which eligible veterans were permitted to pursue their education or training. In 1974, the Congress extended that 8-year period to 10 years and, in 1977, it further amended the delimiting date provisions for certain individuals. It did so by providing that any veteran whose mental or physical disability (not the result of the veteran's own willful misconduct) prevented initiation or completion of a chosen program of education during the permitted 10-year period could receive a limited extension.

To a large extent, we believe S. 105 would duplicate the most recent amendment of the 10-year eligibility rule, cited above. In addition, it is our view the language in S. 105, permitting an extension upon a showing of "compelling" reasons, is too vague. For example, we question whether the intent is that a veteran whose family needs were such that they prevented his or her school attendance could receive an extension of the 10-year period. We use this as just one of many examples which could be cited by veterans who might feel the reasons for their not attending school were "compelling." It should be noted that the 10-year basic eligibility period for pursuit of training under chapter 34 has permitted over 65 percent of the eligible veterans to receive GI Bill benefits, a higher utilization percentage than under the World War II or Korean conflict programs. We believe the 10-year basic eligibility period, along with the extensions permitted because of disability, provide a sufficient time for returning service members to take advantage of their readjustment benefits. We believe any further extension, such as that provided in S. 105, would not be consonant with the readjustment intent of the law.

It is estimated that enactment of S. 105 would result in insignificant costs in any fiscal year.

For the reasons given above, the Veterans Administration opposes the enactment of S. 105.

We have been advised by the Office of Management and Budget that there is no objection from the standpoint of the Administration's program to the submission of this report to the Congress.

Sincerely,

ROBERT P. NIMMO,
Administrator.

[No. 45]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., July 30, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Office on S. 105, a bill "To amend chapter 34 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to extend, under certain circumstances, the period within which a veteran must complete a program of education under such chapter."

For the reasons cited in the report of the Veterans' Administration to your committee on S. 105, we are opposed to the enactment of this bill.

Sincerely,

JAMES M. FREY,
Assistant Director for
Legislative Reference.

II

97th CONGRESS
1st Session

S. 248

To amend chapter 34 of title 38, United States Code, to extend, in the case of certain veterans, the period within which such veterans may use their eligibility under such chapter.

IN THE SENATE OF THE UNITED STATES

January 23 (legislative day, January 5), 1981

Mr. Warner introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend chapter 34 of title 38, United States Code, to extend, in the case of certain veterans, the period within which such veterans may use their eligibility under such chapter.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 1662 of title 38, United States Code, relating to time limitations for completing a program of education, is amended by adding the following new paragraph at the end of such subsection:

"(3) An eligible veteran whose last discharge or release from active duty occurs after December 31, 1979, shall not be afforded educational assistance under this chapter after (A) the expiration of the five-year period following the date on which such veteran first begins to pursue a program of education under this chapter after such discharge or release if such date occurs no later than two years after such discharge or release from active duty, or (B) December 31, 1989, whichever is the later.".

(b) Subsection (e) of section 1662 of such title is repealed.

[No. 46]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., August 4, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Office on S. 248, a bill "To amend chapter 34 of title 38, United States Code, to extend, in the case of certain veterans, the period within which such veterans may use their eligibility under such chapter."

We agree with the position taken by the Veterans' Administration in its report to your Committee on S. 248. Accordingly, we do not support enactment of this bill pending further consideration in the context of the current review being undertaken by the Administration of educational benefits for service members and veterans.

Sincerely,

JAMES M. FREY,
Assistant Director for
Legislative Reference.

II

97TH CONGRESS
1ST SESSION

S. 417

To amend title 38, United States Code, to provide a new educational assistance program for persons who enter the Armed Forces after June 30, 1981, to modify the December 31, 1989, termination date for the Vietnam-era GI bill, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 5 (legislative day, JANUARY 5), 1981

Mr. CRANSTON (for himself, Mr. MATSUNAGA, Mr. DECONCINI, and Mr. HART) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to provide a new educational assistance program for persons who enter the Armed Forces after June 30, 1981, to modify the December 31, 1989, termination date for the Vietnam-era GI bill, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "All-Volunteer Force Educational Assistance Act".

SEC. 2. (a) Title 38, United States Code, is amended by inserting before chapter 31 the following new chapter:

"CHAPTER 30—ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE

"SUBCHAPTER I—PURPOSES; DEFINITIONS

"Sec.
"1401. Purposes.
"1402. Definitions.

"SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

"1411. Entitlement to basic educational assistance.
"1412. Payment of basic educational assistance.

"SUBCHAPTER III—SUPPLEMENTAL EDUCATIONAL ASSISTANCE

"1421. Entitlement to supplemental educational assistance.
"1422. Payment of supplemental educational assistance.

"SUBCHAPTER IV—TRANSFER OF ENTITLEMENT; PERIODS FOR USE OF ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

"1431. Transfer of entitlement to dependents.
"1432. Expiration of period during which entitlement may be used.
"1433. Suspension of educational assistance.
"1434. Exclusion of certain service for purpose of earning entitlement.
"1435. Extension to permit completion of term.
"1436. Program requirements.
"1437. Appropriations.
"1438. Additional amounts of assistance.
"1439. Reporting requirements.

"SUBCHAPTER I—PURPOSES; DEFINITIONS

"§ 1401. Purposes

"The purposes of this chapter are (1) to promote and assist the All-Volunteer Force program of the United States by establishing an improved program of educational assistance for those men and women who enter active duty in the Armed Forces after June 30, 1981, to help in the recruitment and retention of well-qualified men and women, and (2) to provide those men and women with assistance in obtaining an education that they might not otherwise be able to afford.

"§ 1402. Definitions

"For the purposes of this chapter:

"(1) the term 'basic educational assistance' means educational assistance provided under subchapter II of this chapter.

"(2) The term 'dependent' means—

"(A) a child of an eligible veteran; and

"(B) the spouse of an eligible veteran.

"(3) The term 'educational institution' has the same meaning provided in section 1652(c) of this title.

"(4) The term 'eligible veteran' means any person who—

"(A) entered a period of active duty in the Armed Forces after June 30, 1981,

"(B) after entering such period of active duty (i) served on active duty for a period of three or more consecutive years, or (ii) served on active duty for a period of two or more consecutive years and has agreed in writing to serve and has been accepted for service in the Ready Reserve of a component of the Armed Forces for a period of four or more years, and

"(C)(i) was discharged or released from such period of active duty under conditions other than dishonorable, or (ii) has served three or more consecutive years of an obligated period of active duty which began after June 30, 1981, and has not been discharged or released from such period of active duty.

"(5) The term 'program of education' has the same meaning provided in section 1652(b) of this title.

"(6) the term 'supplemental educational assistance' means educational assistance provided under subchapter III of this chapter.

"SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

"§ 1411. Entitlement to basic educational assistance

"An eligible veteran shall be entitled to basic educational assistance, in the maximum amount of $9,000, payable in accordance with the provisions of this chapter.

"§ 1412. Payment of basic educational assistance

"(a) The Administrator shall pay to each eligible veteran who is pursuing an approved program of education under this chapter basic educational assistance pursuant to this section to help meet, in part, the expenses of such veteran's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

"(b) The Administrator shall pay to an eligible veteran basic educational assistance (1) at the monthly rate of $250 if such veteran is pursuing an approved program of education under this chapter on a full-time basis, or (2) at an appropriately reduced rate, as determined, under regulations which the Administrator shall prescribe, if such veteran is pursuing an approved program of education under this chapter on less than a full-time basis.

"SUBCHAPTER III—SUPPLEMENTAL EDUCATIONAL ASSISTANCE

"§ 1421. Entitlement to supplemental educational assistance

"(a) Except as provided in subsection (b) of this section, an eligible veteran who has received a secondary school diploma (or equivalency certificate) and who—

"(1)(A) has served after June 30, 1981, six or more consecutive years of active duty in the Armed Forces, and (B)(i) was honorably discharged or released therefrom, or (ii) has served six or more consecutive years of active duty in the Armed Forces and has not been discharged or released from such veteran's current period of active duty; or

"(2)(A) has served four or more consecutive years of active duty after such date but less than six, (B) has been honorably discharged or released therefrom, and

(C) has agreed in writing to serve and has been accepted for service in the Ready Reserve of a component of the Armed Forces for a period of four years or more after such discharge or release,

shall be entitled to supplemental educational assistance in the amount of $375 for each consecutive month in excess of thirty-six consecutive months that such veteran served on active duty after June 30, 1981, up to a maximum total amount of $13,500, payable in accordance with the provisions of this chapter.

"(b) No part of any period of active duty that occurs prior to the period of active duty by which the veteran concerned qualifies as an eligible veteran under section 1402(4) of this title shall be counted for purposes of subsection (a) of this section.

"(c) On or before the first date on which a person who has entitlement to basic educational assistance enters a period of active duty that could serve, in whole or in part, to entitle such veteran to supplemental educational assistance, the Secretary concerned shall advise such person in writing of the requirement, in subsection (a) of this section, of being honorably discharged or released in order to be eligible for supplemental educational assistance.

"§ 1422. Payment of supplemental educational assistance

"(a) The Administrator shall pay to each eligible veteran who is pursuing an approved program of education under this chapter supplemental educational assistance pursuant to this section to help meet, in part, the expenses of such veteran's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

"(b)(1) Except as provided in paragraph (2) of this subsection, the Administrator shall pay to an eligible veteran supplemental educational assistance (A) at the monthly rate of $250 if such veteran is pursuing an approved program of education under this chapter on a full-time basis, or (B) at an appropriately reduced rate, as determined under regulations which the Administrator shall prescribe, if such veteran is pursuing an approved program of education under this chapter on less than a full-time basis.

"(2) An eligible veteran who is pursuing an approved program of education under this chapter on a full-time basis shall be paid supplemental educational assistance at such monthly rate between $250 and $500 as such veteran may elect in accordance with regulations which the Administrator shall prescribe. In such regulations, the Administrator, with the concurrence of the Secretary of Defense, may establish increments of assistance which the veteran may elect to be paid supplemental educational assistance as the Administrator considers necessary for efficient administration.

"(3) Supplemental educational assistance shall be paid to an eligible veteran concurrent with the payment of basic educational assistance to such veteran if such veteran so elects.

"SUBCHAPTER IV—TRANSFER OF ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

"§ 1431. Transfer of entitlement to dependents

"(a)(1) Notwithstanding any other provision of law, if the Secretary concerned, in accordance with regulations which the Secretary of Defense shall prescribe to implement this section, determines it to be necessary in order to obtain or retain the services of sufficient numbers of qualified active-duty personnel in specific categories of such personnel, such Secretary concerned may authorize an eligible veteran who has served ten or more consecutive years of active duty, including such service as the Secretary concerned has specified in one or more such categories, to transfer to one or more of such veterans' dependents all or any part of such veteran's entitlement to basic and supplemental educational assistance. Entitlements transferred under this section shall be increased in accordance with amendments to this chapter.

"(2) A transfer of entitlement under this section may be made, changed, or canceled by an eligible veteran at any time before the expiration of the period within which such veteran may use such veteran's entitlement under this chapter.

"(3) In regulations relating to transfers of entitlement under this section, the Administrator, with the concurrence of the Secretary of Defense, may place such limits upon the making, changing, and cancellation of transfers as the Administrator considers necessary for efficient administration.

"(b) A dependent to whom entitlement is transferred under this section is entitled to educational assistance under this chapter in the same manner as the veteran from whom the entitlement was transferred would be entitled.

"(c) If a veteran has transferred entitlement under this section to one or more dependents, the basic educational assistance and supplemental educational assistance payable under this chapter shall be divided (1) in such manner as such veteran shall specify, or (2) if such veteran is deceased or is otherwise unable or unwilling to specify the manner in which such assistance shall be divided, on a pro rata basis except as otherwise determined under regulations which the Administrator shall prescribe.

"(d) Notwithstanding any other provision of this chapter, no assistance shall be paid under this chapter to a person divorced from the veteran on whose service such person's entitlement is based.

"§1432. Expiration of periods during which entitlement may be used

"(a) Except as provided in subsections (c) through (e) of this section, the period during which an eligible veteran may use such veteran's entitlement to educational assistance under this chapter expires at the end of the ten-year period beginning on the date of such veteran's last discharge or release from active duty.

"(b) Except as provided in subsection (e) of this section, the period during which a dependent with entitlement transferred pursuant to section 1432 of this title may use such entitlement expires at the end of the ten-year period beginning on whichever is the later of—

"(1) in the case of a spouse of a veteran (A) the date that such veteran has completed ten consecutive years of active duty occurring after June 30, 1981, or (B) the first date on which such veteran would be eligible to use entitlement under this chapter pursuant to subsection (c) of this section if such veteran had not transferred all of such veteran's entitlement under this chapter; or

"(2) in the case of a child of a veteran (A) on the date such child reaches eighteen years of age, or (B) the first date on which such veteran would be eligible to use entitlement under this chapter pursuant to subsection (c) of this section if such veteran had not transferred all of such veteran's entitlement under this chapter.

"(c) In the case of any eligible veteran who has been prevented, as determined by the Administrator, from pursuing a program of education under subchapter II or III of this chapter within the ten-year period prescribed by subsection (a) of this section, because—

"(1) such veteran had not met the nature of discharge requirement of such subchapter before (A) the nature of such discharge or release was changed by appropriate authority, or (B) with respect to educational assistance under subchapter II of this section, the Administrator determined, under regulations prescribed by the Administrator, that such discharge or release was under conditions other than dishonorable, or

"(2) such veteran's discharge or dismissal was, under section 3103 of this title, a bar to benefits under this title before the Administrator determined that such discharge or dismissal is not a bar to such benefits,

such ten-year period shall not run during the period of time that such veteran was so prevented from pursuing such program of education.

"(d) In the case of a veteran eligible for educational assistance under the provisions of this chapter who, subsequent to such veteran's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, the ten-year period described in subsection (a) of this section shall not run (1) while such veteran is so detained, or (2) during any period immediately following such veteran's release from such detention during which such veteran is hospitalized at a military, civilian, or Veterans' Administration medical facility.

"(e) In the case of any person who is an eligible veteran or a dependent to whom entitlement under this chapter has been transferred pursuant to section 1431 of this title and—

"(1) who was prevented from pursuing such person's chosen program of education prior to the expiration of the ten-year period for use of entitlement under this chapter otherwise applicable under this section because of a physical or mental disability which was not the result of such person's own willful misconduct, and

"(2) who applies for an extension of such ten-year period within one year after (A) the last day of such period, or (B) the last day on which such person was so prevented from pursuing such program, whichever is later,

such ten-year period shall not run with respect to such person during the period of time that such person was so prevented from pursuing such program and such ten-year period will again begin running on the first day following such person's recovery from such disability on which it is reasonably feasible, as determined under regulations which the Administrator shall prescribe, for such person to initiate or resume pursuit of a program of education with educational assistance under this chapter.

"§ 1433. Suspension of educational assistance

"The payment of educational assistance under this chapter shall be suspended in the case of any eligible veteran who fails to serve satisfactorily in the Ready Reserve of a component of the Armed Forces during a period of Ready Reserve service that such veteran is committed to serve in connection with establishing entitlement to such assistance. The payment of such assistance shall be reinstated upon receipt of certification from the Secretary concerned that such veteran is serving satisfactorily as a member of such Ready Reserve.

"§ 1434. Exclusion of certain service for purpose of earning entitlement

"For the purpose of section 1402 of this title, the term 'active duty' does not include any period during which an individual was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, served as a cadet or midshipman at one of the service academies, or served under the provisions of section 511(d) of title

10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

§1435. Extension to permit completion of term

"(a) If a person is enrolled under this chapter in an educational institution regularly operated on the quarter or semester system and the period during which such person may use such person's entitlement under this chapter would, under section 1432 of this title, expire during a quarter or semester, such period shall be extended to the termination of such quarter or semester.

"(b) If a person is enrolled under this chapter in an educational institution not regularly operated on the quarter or semester system and the period during which such person may use such person's entitlement under this chapter would, under section 1432 of this title, expire after a major portion of the course is completed, such period shall be extended to the end of the course or for twelve weeks, whichever is the lesser period of extension.

"§1436. Program requirements

"Except as otherwise provided in this chapter, the provisions of sections 1663, 1670, 1671, 1673, 1674, 1677, 1681(c), and 1683 of this title and the provisions of chapter 36 of this title, with the exception of section 1780(a)(6), shall be applicable to the provision of educational assistance under this chapter.

"§ 1437. Appropriations

"(a) Payments for entitlement earned under subchapter II of this chapter and not used by a dependent pursuant to a transfer under section 1431 of this title shall be made from appropriations made to the Veterans' Administration.

"(b) Payments for (1) entitlement earned under subchapter II and used by a dependent pursuant to a transfer under section 1431 of this title, and (2) entitlement earned under subchapter III of this chapter, shall be made from appropriations made to the Department of Defense.

"§ 1438. Additional amounts of assistance

"Subject to the availability of appropriations made to the Office of the Secretary of Defense specifically for the purposes of this section, if the Secretary concerned, in accordance with regulations which the Secretary of Defense may prescribe to implement this section, determines it to be necessary and appropriate in order to obtain or retain the services of sufficient numbers of qualified active-duty personnel in specific categories of such personnel, such Secretary concerned may, if the Secretary of Defense approves in the cases of particular categories, increase the amount of basic or supplemental educational assistance, or both, payable on account of active-duty service performed in one or more such categories and the monthly rate or rates at which such assistance may be paid.

"§ 1439. Reporting requirements

"The Secretary of Defense and the Administrator shall submit to the Congress at least once every two years separate reports on the operation of the programs provided for in this chapter and shall include in each such report (1) information indicating (A) the extent to which the benefit levels provided under this chapter are adequate to achieve the recruitment and retention purposes of this chapter and of providing an adequate level of financial assistance to help meet the cost of pursuing a program of education, and (B) whether it is necessary for the purposes of maintaining adequate levels of well-qualified active-duty personnel in the Armed Forces to continue to offer the opportunity for educational assistance under this chapter to persons who have not yet entered active-duty service, and (2) such recommendations for administrative or legislative changes regarding the provision of educational assistance under this chapter as the Secretary or Administrator, respectively, consider appropriate.".

(b) The tables of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting above the item relating to chapter 31 the following new item:

"30. All-Volunteer Force Educational Assistance .... 1401".

SEC. 3. Section 1508(f)(1) of title 38, United States Code, is amended—

(1) in subparagraph (A), by inserting "30 or" before "34" the first place it appears and striking out "chapter 34" the second place it appears and inserting in lieu thereof "either chapter 30 or chapter 34"; and

(2) in subparagraph (B), by inserting "30 or" before "34".

SEC. 4. Section 1623 of title 38, United States Code, is amended by adding at the end the following new subsection:

"(e) In the event the participant becomes entitled to basic educational assistance under subchapter II of chapter 30 of this title, such participant shall be disenrolled from the program under this chapter effective the last day of the month in which such participant becomes entitled to such assistance.".

SEC. 5. Section 1795 of title 38, United States Code, is amended—

(1) in subsection (b)—

(A) by striking out "of this section" and inserting in lieu thereof "of subsection (a) of this section or under chapter 30 of this title"; and

(B) by inserting at the end the following new sentence: "Computations made for the purposes of this subsection with respect to chapter 30 of this title shall be based on counting one forty-eighth of the maximum total amount of assistance payable under such chapter 30 of this title as one month of assistance under such chapter."; and

(2) by adding at the end the following new subsection:

"(c)(1) A person who is an eligible veteran as defined in section 1402(4) of this title for purposes of chapter 30 of this title shall not be afforded educational assistance under any provision of chapter 34, 35, or 36 of this title.

"(2) The entitlement of any person to eductional assistance under chapter 30 of this title shall be reduced by 1 dollar for each dollar of assistance that has been paid to such person under chapter 34, 35, or 36 of this title.".

SEC. 6. Section 408 of the Veterans' Education and Employment Assistance Act of 1976 (Public Law 94-502, 90 Stat. 2383, 2397) is amended—

(1) in subsection (a), by (A) striking out "(a)(1)" and (B) striking out all after "December 31, 1981" and inserting a period in lieu thereof; and

(2) by striking out subsection (b) in its entirety.

SEC. 7. Section 1662 of title 38, United States Code, is amended—

(1) in subsection (a)—

(A) by inserting before the semicolon in paragraph (1) a comma and "and before January 1, 1980"; and

(B) by adding at the end the following new paragraph:

"(3) An eligible veteran whose last discharge or release from active duty occurs after December 31, 1979, shall not be entitled to educational assistance under this chapter after (A) the expiration of the five-year period following the date on which such veteran first begins to pursue a program of education under this chapter after such discharge or release if such date occurs no later than two years after such discharge or release from active duty or (B) December 31, 1989, whichever is the later."; and

(2) by striking out subsection (e) in its entirety.

SEC. 8. The provisions of this Act shall be effective on the date of the enactment of this Act.

[From the Congressional Record, Vol. 127, No. 21, pp. S1065–S1080, Senate—Feb. 5, 1981]

ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE ACT

Mr. **CRANSTON**. Mr. President, I am introducing today S. 417, the proposed All-Volunteer Force Educational Assistance Act. Joining with me in introducing this legislation are the distinguished Senators from Hawaii (Mr. Matsunaga), Arizona (Mr. DeConcini), and Colorado (Mr. Hart).

The measure is drawn from the provisions of S. 3263, which I introduced in the 96th Congress on December 12, 1980. It would amend title 38, United States Code, to add a new chapter 30, All-Volunteer Force Educational Assistance, which would establish a new program of educational incentives designed to increase recruitment of qualified men and women into this Nation's Armed Forces and to assist in the retention of skilled and experienced personnel in the military.

When I introduced this legislation last year, I indicated my intent to solicit the comments and suggestions of interested experts and organizations, including Defense Department officials, educators, recognized experts, and veterans and military associations.

As a result of the responses I received, and in an attempt to refine the measure further, a number of important modifications have been made in the measure I am introducing today. I will address these changes in detail later in my statement.

Mr. President, as I noted in introducing S. 3263 last year, I remain deeply committed to, and strongly supportive of, the All-Volunteer Military Force. But there is widespread recognition that the benefits and compensation offered by the military must be improved in order to continue the effectiveness of the force.

The dismal experience of the armed services in recruiting and retaining qualified military personnel in fiscal year 1979 has been well documented. In that year, the Army achieved a land force level of only 453,000 persons—27,300 short of its authorized strength. The Navy had such acute personnel shortages that it opposed the Congress attempts to reactivate two naval ships. The Air Force experienced a shortage of more than 1,300 pilots.

Although all four military services met their numerical recruiting goals in fiscal year 1980, there was for the first time since 1976 an overall drop in the education level of new recruits evidenced by the drop in high-school-graduate recruits from 73 to 68 percent. As noted by Gen. David C. Jones, Chairman of the Joint Chiefs of Staff, in a report entitled "United States Military Posture for FY 1982," this decline "could have an adverse effect on overall force readiness, especially as the military continues to become increasingly dependent on high-technology equipment." Maintaining an appropriate level of high school graduates is also vital in terms of reducing first-term attrition from the active service since, as noted in the January 1981 report entitled "Resources for Defense" prepared by the Congressional Budget Office—

> [R]ecruits with high school diplomas not only may be more capable in some ways, but also are more likely than nongraduates to complete their first term of enlistment.

The military posture report goes on to indicate that—

> [T]here is also concern that the current numerical recruiting successes are transitory, since it is evident that recessionary pressures and attendant high unemployment rates contributed to reaching numerical objectives in 1980.

Further exacerbating the recruitment situation is the fact that over the next 5 years, the youth population is expected to decline significantly. According to CBO projections, the number of potential eligibles from which the military must recruit will decline by about 13 percent by 1986.

Moreover, retention of quality personnel is cited in the military posture report as "an even more serious problem" than recruiting. Although it is likely that the general trend toward skilled military personnel leaving the service may be slowed or reversed by recent pay increases, the situation remains particularly acute with respect to pilots, health professionals, and those individuals with highly specialized, technical skills.

As Secretary of the Air Force-designate Verne Orr pointed out in his testimony before the Senate Armed Services Committee on January 28, the reason that retention of pilots has improved recently is that the civilian airlines have stopped hiring temporarily. However, we cannot count on a bad economy, which has caused the recent downturn in pilot hiring, to support a good retention rate of pilots and military personnel with other critical skills, such as nuclear-qualified naval personnel and engineers in all the services.

Congress has already taken aggressive action to make the All-Volunteer Force attractive to potential recruits and to its current members. Major pay increases were enacted last year by Congress—both across-the-board increases and special-pay increases for those with skills in acute short supply. The military compensation system, however, has always been made up of both pay and benefits, and I believe that educational benefits have a special, very significant role to play in increasing the numbers and quality of the people we attract to and retain in the armed services. Thus, I believe that educational incentives, if properly designed, can play a major role in helping to insure the success of the All-Volunteer Force.

BACKGROUND

On June 22, 1944, Public Law No. 346, 78th Congress, the Servicemen's Readjustment Act of 1944, was signed by President Franklin D. Roosevelt. This legislation, which came to be known as the GI bill, created a major eduational and vocational assistance program for those who had served the Nation during World War II. Since 1944, the original GI bill and successor programs—the Korean-confict and the post-Korean conflict, or Vietnam-era, GI bills—have provided education and training for more than 17.7 million veterans of World War II, the Korean conflict, the post-Korean period, and the Vietnam era. My own work with the current Vietnam era GI bill began in 1969 when I started my Senate service as chairman of the then Subcommittee on Veterans' Affairs of the Committee on Labor and Public Welfare.

The first GI bill legislation that I authored was the Veterans' Education and Training Amendments Act of 1970, Public Law 91-219. Since then we have revised the current Vietnam-era GI bill program—which is codified in chapter 34 of title 38, United States Code—five times with laws in 1972, 1974, 1976, 1977, and 1980.

In 1976, Public Law 94-502 established, as a successor to the current GI bill, the chapter 32, post-Vietnam era veterans' educational assistance program—popularly known as VEAP. It was designed, in part, to achieve a reasonable balance between those who sought complete termination of GI bill benefits for persons entering the service after the end of the Vietnam era and those who supported continuation of the Vietnam-era GI bill without alteration. In some respects, VEAP might be viewed as a "5-year experiment" in developing an appropriate successor to the current Vietnam-era GI bill.

The chapter 32 program provides an educational assistance opportunity to those who entered the Armed Forces after December 31, 1976, and are thus not eligible for the current chapter 34 GI bill. The program, a contributory-matching one, was established to assist young men and women in obtaining an education they might not otherwise be able to afford and to promote and assist the All-Volunteer Force by attracting qualified men and women to serve in the Armed Forces.

Under VEAP, service members who are eligible for benefits may elect to contribute from $25 to $100 per month—modified from $50 and $75, respectively, by Public Law 96-466 last year—toward their VEAP accounts. After completion of the service member's initial tour of duty or 6 years of service, whichever is the lesser, the VA matches the service member's contribution on a 2-for-1 basis if the individual enrolls in an approved educational program. Under the law, the maximum contribution by a service member is $2,700 which, when matched with $5,400 of VA funds, provides a total of $8,100 for veteran's educational expenses which may be used in monthly payments of up to $225 for up to 36 months. In addition, the Department of Defense may make additional contributions to the service member's VEAP account, and the Department is currently testing a variety of additional VEAP incentives—or "kickers"—in order to assess their value as recruitment and retention devices.

The VEAP authority is scheduled to expire on December 31, 1981, unless the President makes a recommendation to the Congress that the program should be continued, neither the House nor the Senate adopts a resolution of disapproval of the President's recommendation, and the Department of Defense assumes budgetary responsibility for payment of the matching funds.

NEED FOR A NEW PROGRAM

However, Mr. President, evaluations of VEAP's success as a recruitment and retention device have been less than encouraging.

The Department of Defense in its June 1980 "Third Annual Report to the Congress on the Post-Vietnam Era Veterans' Educational Assistance Program," concluded that VEAP played only "a moderately important role in the enlistment decisions of some participants. * * *" The report suggested that there is a "need for a careful reassessment of the program's overall 'attractiveness' as an enlistment incentive." The VA, in its portion of the third annual report on VEAP, submitted on May 2, 1980, concluded that "early indicators lead to a less than optimistic view as to the programs viability."

Mr. President, these nonendorsements of VEAP were enlarged upon and reiterated by others at the June 19, 1980, hearing of the Committee on Veterans' Affairs which I called to focus on the role of educational incentives in the All-Volunteer Force. During the course of that hearing, the committee received much testimony citing the failure of VEAP as a recruitment tool and supporting the concept of a new program of educational incentives for the All-Volunteer Force—including testimony from the distinguished Senators from Colorado (Mr. Armstrong), Maine (Mr. Cohen), and Virginia (Mr. Warner), who have also introduced proposals addressing this issue. In addition, a most valued member of our committee and of the Armed Services committee, the Senator from South Carolina (Mr. Thurmond), has introduced such legislation.

Dr. Charles Moskos, a well-known and widely-respected military sociologist, pointed in his testimony on the failure of all four services to meet 1979 recruitment goals, the severity of manpower shortages in the ground combat arms, and the low educational levels of new recruits. He stated:

> The major barriers to more effective recruitment have been the elimination of the GI bill in 1976 and concurrent expansion of Federal assistance to college students.

He concluded that:

> [T]o meet military manpower needs in the all-volunteer context and to pursue equity, there must be an immediate restoration of post-service educational benefits for active-duty military members * * *.

Moreover, it is clear that offering an attractive program of educational incentives is a more effective approach to enhancing the recruitment and retention of well-qualified personnel than military pay increases alone. As Dr. Moskos testified:

> Large raises in military pay for lower enlisted personnel were the principal rationale to induce persons to join the all-volunteer force. This has turned out to be a double-edged sword, however. Youth survey show that cash motivates less qualified youth (for example, high school dropouts) to join the armed services while having a negligible effect on college bound youth. Disproportionate emphasis on recruit pay, moreover, diverts compensation away from the career and technical force, precisely the areas where retention difficulties are most severe.

A June 1973 report to the Senate Committee on Armed Services prepared by the Brookings Institution, entitled the "All-Volunteer Armed Forces, Progress, Problems, and Prospects," stated that:

> Data suggests that for a large number of potential enlistees, a paid school option might well have greater appeal than high pay. Moreover, recruits attracted by educational incentives would enhance the overall quality of the All-Volunteer Force.

Mr. President, the role a program of educational incentives can play is also evidenced by the results of a survey of Army recruits conducted by the Army in 1975 prior to the time that eligiblity for the current GI bill was terminated. The survey found that one of every four recruits definitely would not have enlisted without the GI bill. Another 36 percent of those surveyed were not certain whether they would have enlisted without the GI bill.

The concept of a program of educational incentives as a recruitment and retention device to strengthen our Nation's defense was supported at our hearing by the Fleet Reserve Association, the Air Force Sergeants Association, the Non Commissioned Officers Association, the National Association for Uniformed Services, the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, and the American Veterans Committee. In addition, this sentiment was shared by those responding to my request for comment, including the following top Defense Department officials: Gen. David C. Jones, Chairman of the Joint Chiefs of Staff, Gen. E. C. Meyer, Chief of Staff of the Army, Gen. Lew Allen, Jr., Chief of Staff of the Air Force, Gen. R. H. Barrow, Commandant of the Marine Corps, and William D. Clark, Deputy Assistant Secretary of the Army for Manpower and Reserve Affairs.

A TWO-TIER CONCEPT

Mr. President, my proposal would establish a two-tier approach. The first tier, the basic educational assistance program, would be available to all those entering the service—or reenlisting in the service—on or after July 1, 1981. Eligibility would be established by completion of 36 months of service after the date of such enlistment or reenlistment followed by discharge or release under conditions other than dishonorable or by completion of 24 months of service and entry into a commitment to serve 4 years in the Ready Reserve. The benefits in this first tier would be $9,000 in educational assistance, which would be paid at the rate of $250 a month for a maximum of 36 months' enrollment in a full-time program of approved education of training and paid at a proportionately reduced rate for less-than-full-time training.

The provision of the 2-year active duty and 4-year Ready Reserve option for establishing eligibility is the first of the modifications that was made in this measure. This option was developed in response to many of the comments I received—including all of the Defense Department officials whom I have just mentioned and Dr. Moskos—that a shorter enlistment period coupled with a Ready Reserve commitment would help meet some major, current specific military personnel needs. In this regard, we specifically took note of two comments of Deputy Assistant Secretary Clark in his letter in which he suggested a "24 month enlistment option with benefits earned at the same monthly rate" and "reduced-rate benefits for service in the Reserve Components." Further, Dr. Moskos, in his letter to me of January 5, stressed that "GI bill eligibility must be linked to reserve obligations."

With respect to the commitment to serve in the Ready Reserve, the measure would provide for the suspension of educational benefits when an eligible veteran is not satisfactorily carrying out this commitment. Benefits would be reinstated upon certification that the individual has again begun satisfactorily performing his or her Ready Reserve commitment.

In addition to the basic program, this legislation would provide a higher, second tier of supplemental educational assistance. Eligibility for this supplemental assistance would be limited to those who have completed the requisite service for the basic program, who have a high-school diploma of equivalency certificate prior to completion of the 3-year minimum service requirement, who have an honorable discharge, and who serve either a minimum of 6 years active duty or a minimum of 4 years on active duty and 4 years in the Ready Reserve. This Ready Reserve option would be subject to the same suspension and reinstatement provisions that I described in connection with the first-tier benefits.

Individuals meeting the eligibility criteria for the second tier would earn supplemental educational assistance at the rate of $375 a month for each month of continuous active-duty service beyond the 3 years required for the basic benefits.

For example, those who serve a total of 6 continuous years of active duty would earn the maximum supplemental educational assistance of $13,500, for a maximum total level of assistance of $22,500—$9,000 under the basic program and $13,500 under the supplemental. Those who serve at least a fourth year on active duty and make a commitment to serve 4 years in the Ready Reserve would earn $375 for each month of active-duty service in excess of the 36-month service requirement of basic assistance. For example, an individual who serves 5 full years on active duty and enters into a 4-year Ready Reserve commitment would earn $9,000 under the supplemental program—$375 for each of the 24 months of active duty after the first 36 months—in addition to the $9,000 under the basic program.

These supplemental benefits would generally be paid in the same way as the basic benefit—that is, at $250 a month for full-time pursuit—but could be paid, at the individual's choice, at a rate of up to $500 for enrollment in a full-time program of education and be combined with the basic benefit for a total maximum monthly assistance level of $750. At the $500 monthly rate, the maximum number of months for use of supplemental benefits would be 27 months, but the basic benefits would continue for a full 36 months.

Some of those commenting on our proposal have cited a need for a higher rate of benefits for those faced with greater educational and related expenses—such as high tuition and support of dependents. The provision in the bill entitling a veteran eligible for subchapter III assistance to use benefits at the rate of up to $750 per month is designed to recognize and be responsive to the needs of these individuals.

The requirement that an individual receive an honorable discharge in order to achieve eligibility for second-tier benefits is the second modification that has been made in this measure. This change has been made in response to the assertion of many commentors that this criterion for eligibility will serve to encourage more fully satisfactory service. In this regard, I note that virtually all the comments I received from officials in the Department of Defense stressed the desirability of inclusion of an honorable-discharge requirement. Specifically, General Barrow of the Marine Corps stated that—

> Requiring honorable service as a prerequisite to educational assistance would complement many other programs and efforts designed to encourage individual responsibility.

My proposal would require that, when an individual begins a period of active duty service that would establish eligibility for the second tier of benefits—that is, service beyond the 3 years of active duty that earns entitlement to basic educational assistance—he or she be advised of the honorable discharge requirement. I have included this provision so as to insure that no service-member be in a position of potentially losing his or her eligibility as a result of being unaware of the requirement for an honorable discharge.

In incorporating an honorable-discharge requirement in the supplemental assistance program only—and thus continuing to provide for eligibility for the basic assistance program on the traditional basis of a discharge under other than dishonorable conditions—I am keeping in mind the oft-noted lack of uniformity among and within the Services in the awarding of three types of administrative discharges—honorable discharge; general discharges, which are characterized as discharges under honorable conditions; and discharges under other than honorable conditions.

Many of the difficulties in this area including inadquate procedural safeguards, were most recently reported and analyzed in the January 15, 1980, General Accounting Office report (FPCD-80-13), entitled "Military Discharge Policies and Practices Result in Wide Disparities: Congressional Review is Needed." In light of the reported disparities and due process shortcomings in the awarding of honorable discharges and in light of the comparative youthfulness and inexperience of those who would satisfy the 2- or 3-year active service requirement for the first-tier, basic benefits. I do not believe that it would be fair to condition entitlement to basic educational assistance on the receipt of an honorable discharge.

In the case of second-tier, supplemental benefits, it seems more appropriate to require an honorable discharge. The individuals involved would already have acquired eligibility for the basic benefits, would have more exposure to and experience in dealing successfully with military standards of performance and conduct, and could be expected both to have a full awareness of and ability to meet the requirements of an honorable discharge. Nevertheless, I remain concerned that, despite the very adverse financial consequences in the event the individual is awarded a nonqualifying discharge, not all such individuals would, under current service procedures as described in the GAO report, have the opportunity for a predischarge hearing on the issue of the nature of the discharge that they are being awarded.

Thus, I believe that the character-of-discharge requirements for any All-Volunteer Force educational assistance program and the procedural protections available to the servicemembers involved require intensive consideration during any hearings and deliberations on such a program, and I plan to give these matters very careful consideration.

AUGMENTATION AND TRANSFERABILITY

Mr. President, there are two additional areas in which I have made modifications that are important to stress.

First, our proposal would provide discretion under certain circumstances, in both tiers of the program, for benefit levels to be augmented by the individual service branches for the purpose of helping to overcome difficulties in the recruitment or the retention of specific categories of personnel. Consistent with guidelines developed by and with the specific approval of the Secretary of Defense, as to a specific category, the services could target the provision of augmented benefits on certain areas where critical shortages of personnel are being experienced—such as in the combat arms area in the Army. The amount of the augmentation would be limited to the amount specifically appropriated by the Congress to the Secretary of Defense for this purpose.

This provision is based on the recommendations made by General Meyer and Deputy Assistant Secretary Clark in their letters to me. In this regard, Deputy Assistant Secretary Clark noted:

> Supplementing [the entitlement] selectively will enable us to better address critical recuriting and retention problems. The Army must have the supplementation authority to gain the necessary flexibility for the enlistment of personnel into difficult-to-fill skill positions.

The augmentation provision is designed to take into account the views of those I discussed previously who have suggested that higher rates of benefits would be appropriate in the cases of individuals facing higher education-related expenses.

Second, with respect to the ability of a servicemember to transfer his or her unused benefits to a spouse or child, the legislation contains several modifications from S. 3263.

Instead of being made available on an across-the-board basis to all those who serve 12 or more continuous years of active duty after January 30, 1981, transferability would be made available only on a discretionary basis—as in the case of benefit augmentation—in order to help overcome recruitment and retention problems as to specific categories of personnel. Thus, the services would be provided with another tool to use, in accordance with guidelines developed by the Secretary of Defense, in targeting resources on specific areas where problems may exist—particularly where retention of skilled military personnel is vital.

This measure also reduces from 12 years to 10 years the length of the minimum continuous period of active duty that the individual must serve in order possibly to earn the right to transfer these benefits to his or her dependents. In this regard, I note that the proposal developed by the Army suggests that the critical point for the decision to make service in the Armed Forces a career is the completion of 10 years of service. In accordance with the Secretary of Defense's guidelines, however, the length of service required for eligibility for transfer to dependents could be adjusted upward and could include service prior to July 1, 1981.

Finally, this measure provides that, when entitlement has been transferred to a dependent, all payments to the dependent be made from funds appropriated to the Department of Defense. This would insure that the direct cost of dependents' benefits not be reflected in the VA budget and is responsive to concerns voiced by certain veterans' organizations about the extent of the VA's financial responsibilities under this new program.

I want to emphasize, with respect to both the provision permitting augmentation and the provision relating to transfers to dependents, that our proposal would give the Secretary of Defense overall responsibility for development of appropriate guidelines for the implementation of the augmentation and transfer provisions by the Service branches.

In addition, with respect to augmentation, the approval of the Secretary of Defense would specifically be required before any branch could increase the level of benefits, and the augmentation authority would be subject to the availability of appropriations made specifically for this purpose to the Department of Defense—not those made to various services. It is my intention in these provisions, to provide the Secretary of Defense, not just with the authority needed to provide for flexible recruitment and retention tools, but with the means to forestall the occurrence of costly, wasteful "recruiting wars" between the various branches of the Armed Forces and to assure that the criteria that are developed for any augmentation and transfer take into account the real needs of the specific service branch.

CONTRACTUAL NATURE OF PROGRAM

Mr. President, I want to stress that our proposal is for an essentially contractual program—a very different concept from the World War II, Korean conflict, and current, Vietnam-era GI bills. Under this proposal, the basic benefits are payable only to those who satisfactorily complete the necessary service requirement. Those who leave the service without completing the minimum service requirement would receive no educational benefits at all—regardless of the reason for leaving, even if the reason is medical disability.

In this connection, however, I point out that those who are given medical early discharges—or who otherwise are given early discharges and develop ratable service-connected disabilities—and who need training or education to overcome the handicap of their service-connected disability would be entitled to educational and vocational assistance through the VA's rehabilitation program under chapter 31 of title 38, a program just revised, improved, and expanded in Public Law 96-466.

DELIMITING PERIOD AND ADMINISTRATIVE PROVISIONS

With respect to both tiers of the program, individuals would generally have 10 years following discharge or release from active duty in which to use their benefits--generally the same period as under the current chapter 34 GI bill. In-service use of benefits would be permitted following completion of the applicable minimum-service requirement.

The VA would be charged with the responsibility of administering the program, and the administration would be similar to the administration of benefits under the current GI bill.

With respect to funding of the program, the VA would be responsible for the cost of basic assistance benefits paid to the servicemember or veteran and the Department of Defense would be responsible for the cost of the supplemental assistance benefits paid to the servicemember or veteran and, as I have just noted, any benefits transferred and paid to dependents.

Every 2 years, the Secretary of Defense and the Administrator of Veterans' Affairs would be required to report to the Congress on the extent to which benefit levels are adequate to achieve the twin purposes of promoting recruitment and retention and defraying educational expenses, on the continuing necessity for the program, and on its administration.

The proposal would repeal the provisions in current law that could provide—through Presidential initiative without congressional disapproval—for the continuation of eligibility for the VEAP program for new recruits beyond December 31, 1981, but those who are participants in that program could continue their participation in it and would not be adversely affected in the event of such repeal. Individuals now on active duty and participating in VEAP who reenlist in order to establish eligibility for the new chapter 30 program would be automatically disenrolled from VEAP participation and be refunded all contributions they had made to their VEAP accounts.

PROMOTION OF RECRUITMENT AND RETENTION

Mr. President, the goals of promoting recruitment and retention in the military will be served by this legislation in a variety of ways. First, the benefits will encourage many individuals to enlist in the military for the first time. Recruiters will welcome this powerful tool to encourage people to enlist in order to finance their educations through military service.

Second, this educational program is designed to encourage entrants into military service to complete their initial terms of service. The costs to the military are very high when military personnel—especially first-term personnel—fail to complete enlistments. Military dropouts, like school dropouts, are expensive to society. The armed services must make a large outlay of funds to train and pay a new recruit but realize little return on that investment when the enlistee fails to complete his or her term of service. This bill would deal with the problem in two ways. Most important, no benefits would accrue to a person who fails to complete the 3-year minimum service requirement, or, in the case of the Ready Reserve option, fails to complete 2 years of active duty and to enter into a 4-year reserve commitment.

Also, it would encourage the enlistment of high school graduates—since a high school graduate will be eligible for both the basic as well as the supplemental educational assistance benefits—and, as I noted previously, experience has shown that high school graduates are far more likely to complete their terms of service than are non-high-school graduates.

Third, this educational assistance program would provide incentives for active-duty personnel to remain in the military. Current active-duty personnel will have a very substantial incentive to reenlist in order to begin to earn the benefits which would be made available under the new program. Additionally, the program is designed to become increasingly attractive beyond the initial 3-year term of service during which the basic benefits are earned and would therefore encourage individuals to remain in the service for longer periods.

In particular, the program would encourage service personnel to serve for up to 6 years in order to earn maximum entitlement to the higher, supplemental educational assistance benefits. It would also provide an incentive for those serving in certain categories where particular recruitment or retention problems have been found to serve until the critical midcareer stage so as to earn educational benefits that may be transferred to their children and spouses by remaining in the service for 10 or more years.

Studies have shown that if military pay and benefits can encourage military personnel to stay 10 to 12 years, they are much more likely to serve until retirement age in order to earn full pension benefits. In recent years, the toughest retention challenge has been to keep people in as long as 10 to 12 years.

Fourth, as I have noted, by permitting the service branches, under the supervision of the Secretary of Defense, selectively to augment benefit levels and to permit transfer of benefits to dependents, the proposal provides flexibility and ample latitude to permit the Armed Forces to target on specific personnel and skills needs while seeking to avoid costly and inequitable competition among the services.

MODIFICATION OF THE 1989 TERMINATION DATE

Mr. President, another new provision in this measure would modify the 1989 termination date for the current GI bill. This provision is identical to that which passed the Senate on September 4, 1980, in section 506 of S. 1188, the proposed "Disabled Veterans' Rehabilitation Act of 1980," but to which the House would not agree. On September 26, 1980, when the Senate approved the compromise GI bill legislation—later enacted as Public Law 96-466, the Veterans' Rehabilitation and Education Amendments of 1980—I stated in my intention to pursue vigorously enactment of that provision this year.

Under the current Vietnam-era GI bill, no chapter 34 educational assistance benefits may be paid after December 31, 1989. This termination date, which was added to chapter 34 in 1976 by Public Law 94-502, was designed generally to permit those who entered the service prior to December 31, 1976—the general termination date for entry into the service for current GI bill benefits eligibility—to complete their initial enlistments and then have a 10-year period in which to use their GI bill benefits.

I have been concerned by reports from persons now on active duty with eligibility for the GI bill suggesting that they will leave the service in order to utilize their GI bill benefits prior to the 1989 expiration date. Testimony by the Department of the Army at the Veterans' Affairs Committee hearing I chaired last June 19 tended to confirm these reports as more than a scattered phenomenon.

Additionally, General Barrow, Commandant of the Marine Corps, in his letter to me, stated that a provision along these lines "would provide a necessary incentive [to remain in the service] for the group of service members eligible for educational assistance" under the current GI bill.

Our bill would address this problem by modifying the 1989 termination date to provide that a veteran who is discharged after December 31, 1979, would be entitled to educational assistance until either the end of the 5-year period beginning on the date following his or her initiation of a program of education under the GI bill after discharge if such initiation occurs within 2 years after discharge or release from active duty, or December 31, 1989, whichever is later.

The following are examples of how this provision would apply in certain cases:

First, a veteran discharged on January 1, 1982, would have until December 31, 1989, to utilize his GI bill benefits. This represents no change in current law.

Second, a veteran discharged on January 1, 1985, if she begins her first post-service program of education by December 31, 1986, would have 5 years from the date on which she begins that program of education to use GI bill benefits. Thus, if she begins a program of education on September 1, 1986, GI bill benefits would be available through August 31, 1991. If she did not begin a program of education on or before December 31, 1986, the December 1989, cut-off date would apply.

Third, a veteran discharged on December 31, 1990, would have until December 31, 1992, to begin a program of educational assistance. If he began his first post-service program of education on September 1, 1992, he would have until August 31, 1997, to utilize his or her benefits. If he did not begin a program of education prior to December 31, 1992—that is, within 2 years after discharge—entitlement to educational benefits would be lost.

Our intention in including this modification of the current chapter 34 termination date is to remove any incentive for experienced and well-qualified military personnel to refuse to reenlist—or otherwise to leave the service well before December 31, 1989—in order to use their GI bill benefits before that date. For every service member who is retained in the service, the need for new recruits and the accompanying costs of training are reduced, the cost of maintaining our Nation's Armed Forces declines, and the defense of our Nation is strengthened.

I believe these factors substantially outweigh the administrative considerations behind fixing and continuing a date certain for terminating the current GI bill. I should point out that the necessity for this modification would be substantially reduced if a program along the lines of the new chapter 30 program we are proposing is enacted.

COST ESTIMATE

Mr. President, based on the most recent preliminary estimate from the Congressional Budget Office, the cost of our proposal would be $46.4 million in fiscal year 1985, the first full year in which basic benefits would be paid. Subsequently, the cost would increase to approximately $885.1 million by fiscal year 1995. It should be stressed, however, that this estimate assumes that there would be no augmentation of benefit levels by the Department of Defense and that all entitlement not used by the veteran or service member concerned would be transferred to dependents. At this time, I am advised by CBO that development of a cost-estimate taking into account these two provisions will require additional study and consultation with Defense Department officials. When such a cost estimate is available, I will make it known to my colleagues and to the public.

CONCLUSION

Mr. President, as I have noted, my proposal is designed to contribute to the recruitment and retention of well-qualified personnel in the All-Volunteer Force, and I believe it is fashioned in such a way as to do so in an equitable, efficient, and cost-effective manner. I intend to seek enactment of legislation along the lines of this proposal this year.

This legislation is a principal focus of mine as ranking minority member of the Veterans' Affairs Committee. The chairman of the Veterans' Affairs Committee, the Senator from Wyoming (Mr. SIMPSON), has assured me that he shares my interest in this issue and the consideration of legislation in this area will be one of the first orders of business for the committee this year.

Mr. President, I ask unanimous consent that the text of the bill, a document showing the changes that the bill would make in current law, and copies of the letters I have received in response to my request for comments be printed in the Record at this point.

There being no objection, the bill, changes, and letters were ordered to be printed in the Record, as follows:

* * * * * * *

CHANGES IN EXISTING LAW MADE BY S. 417

Changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38—VETERANS' BENEFITS

* * * * * * *

PART III—READJUSTMENT AND RELATED BENEFITS

CHAPTER SEC.
30. All-Volunteer Force Educational Assistance *1401*
31. Training and Rehabilitation for Veterans with Service-Connected Disabilities 1500
32. Post-Vietnam Era Veterans' Educational Assistance 1601
34. Veterans' Educational Assistance 1650
35. Survivors' and Dependents' Educational Assistance 1700
36. Administration of Educational Benefits 1770
37. Home, Condominium, and Mobile Home Loans 1801
39. Automobiles and Adaptive Equipment for Certain Disabled Veterans and Members of the Armed Forces 1901
41. Job Counseling, Training, and Placement Service for Veterans 2001
42. Employment and Training of Disabled and Vietnam Era Veterans 2011
43. Veterans' Reemployment Rights 2021

Chapter 30—ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE

Subchapter I—Purposes; Definitions

Sec.
1401. Purposes.
1402. Definitions.

Subchapter II—Basic Educational Assistance

1411. Entitlement to basic educational assistance.
1412. Payment of basic educational assistance.

Subchapter III—Supplemental Educational Assistance

1421. Entitlement to supplemental educational assistance.
1422. Payment of supplemental educational assistance.

Subchapter IV—Transfer of Entitlement; Periods for Use of Entitlement; General and Administrative Provisions

1431. Transfer of entitlement to dependents.
1432. Expiration of period during which entitlement may be used.
1433. Suspension of educational assistance.
1434. Exclusion of certain service for purpose of earning entitlement.
1435. Extension to permit completion of term.
1436. Program requirements.

1437. Appropriations.
1438. Additional amounts of assistance.
1439. Reporting requirements.

Subchapter I—Purposes; Definitions

§ 1401. Purposes

The purposes of this chapter are (1) to promote and assist the All-Volunteer Force program of the United States by establishing an improved program of educational assistance for those men and women who enter active duty in the Armed Forces after June 30, 1981, to help in the recruitment and retention of well-qualified men and women, and (2) to provide those men and women with assistance in obtaining an education that they might not otherwise be able to afford.

§ 1402. Definitions

For the purposes of this chapter—

(1) The term "basic educational assistance" means educational assistance provided under subchapter II of this chapter.

(2) The term "dependent" means—

(A) a child of an eligible veteran; and

(B) the spouse of an eligible veteran.

(3) The term "educational institution" has the same meaning provided in section 1652(c) of this title.

(4) The term "eligible veteran" means any person who—

(A) entered a period of active duty in the Armed Forces after June 30, 1981,

(B) after entering such period of active duty (i) served on active duty for a period of three or more consecutive years, or (ii) served on active duty for a period of two or more consecutive years and has agreed in writing to serve and has been accepted for service in the Ready Reserve of a component of the Armed Forces for a period of four or more years, and

(C)(i) was discharged or released from such period of active duty under conditions other than dishonorable, or (ii) has served three or more consecutive years of an obligated period of active duty which began after June 30, 1981, and has not been discharged or released from such period of active duty.

(5) The term "program of education" has the same meaning provided in section 1652(b) of this title.

(6) The term "supplemental educational assistance" means educational assistance provided under subchapter III of this chapter.

Subchapter II—Basic Educational Assistance

§ 1411. Entitlement to basic educational assistance

An eligible veteran shall be entitled to basic educational assistance, in the maximum amount of $9,000, payable in accordance with the provision of this chapter.

§ 1412. Payment of basic educational assistance

(a) The Administrator shall pay to each eligible veteran who is pursuing an approved program of education under this chapter basic educational assistance pursuant to this section to help meet, in part, the expenses of such veteran's subsistence, tuition, fees, supplies, books, equipment and other educational cost.

(b) The Administrator shall pay to an eligible veteran basic educational assistance (1) at the monthly rate of $250 if such veteran is pursuing an approved program of education under this chapter on a full-time basis, or (2) at an appropriately reduced rate, as determined under regulations which the Administrator shall prescribe, if such veteran is pursuing an approved program of education under this chapter on less than a full-time basis.

Subchapter III—Supplemental Educational Assistance

§ 1421. Entitlement to supplemental educational assistance

(a) Except as provided in subsection (b) of this section, an eligible veteran who has received a secondary school diploma (or equivalency certificate) and who—

(1)(A) has served after June 30, 1981, six or more consecutive years of active duty in the Armed Forces, and (B)(i) was honorably discharged or released therefrom, or (ii) has served six or more consecutive years of active duty in the Armed Forces and has not been discharged or released from such veteran's current period of active duty; or

(2)(A) has served four or more consecutive years of active duty after such date but less than six, (B) has been honorably discharged or released therefrom, and (C) has agreed in writing to serve and has been accepted for service in the Ready Reserve of a component of the Armed Forces for a period of four years or more after such discharge or release.

shall be entitled to supplemental educational assistance in the amount of $375 for each consecutive month in excess of 36 consecutive months that such veteran serves on active duty after June 30, 1981, up to a maximum total amount of $13,500, payable in accordance with the provisions of this chapter.

(b) No part of any period of active duty that occurs prior to the period of active duty by which the veteran concerned qualifies as an eligible veteran under section 1402(4) of this title shall be counted for purposes of subsection (a) of this section.

(c) On or before the first date on which a person who has entitlement to basic educational assistance enters a period of active duty that could serve, in whole or in part, to entitle such veteran to supplemental educational assistance, the Secretary concerned shall advise such person in writing of the requirement, in subsection (a) of this section, of being honorably discharged or released in order to be eligible for supplemental educational assistance.

§ 1422. Payment of supplemental educational assistance

(a) The Administrator shall pay to each eligible veteran who is pursuing an approved program of education under this chapter supplemental educational assistance pursuant to this section to help meet, in part, the expenses of such veteran's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

(b)(1) Except as provided in paragraph (2) of this subsection, the Administrator shall pay to an eligible veteran supplemental educational assistance (A) at this monthly rate of $250 if such veteran is pursuing an approved program of education under this chapter on a full-time basis, or (B) at an appropriately reduced rate, as determined under regulations which the Administrator shall prescribe, if such veteran is pursuing an approved program of education under this chapter on less than a full-time basis.

(2) An eligible veteran who is pursuing an approved program of education under this chapter on a full-time basis shall be paid supplemental educational assistance at such monthly rate between $250 and $500 as such veteran may elect in accordance with regulations which the Administrator shall prescribe. In such regulations, the Administrator, with the concurrence of the Secretary of Defense, may establish increments of assistance which the veteran may elect to be paid supplemental educational assistance as the Administrator considers necessary for efficient administration.

(3) Supplemental educational assistance shall be paid to an eligible veteran concurrently with the payment of basic educational assistance to such veteran if such veteran so elects.

Subchapter IV—Transfer of Entitlement; General and Administrative Provisions

§ 1431. Transfer of entitlement to dependents

(a)(1) Notwithstanding any other provision of law, if the Secretary concerned, in accordance with regulations which the Secretary of Defense shall prescribe to implement this section, determines it to be necessary in order to obtain or retain the services of sufficient numbers of qualified active-duty personnel in specific categories of such personnel, such Secretary concerned may authorize an eligible veteran who has served ten or more consecutive years of active duty, including such service as the Secretary concerned has specified in one or more such categories, to transfer to one or more of such veterans' dependents all or any part of such veterans' entitlement to basic and supplemental educational assistance. Entitlements transferred under this section shall be increased in accordance with amendments to this chapter.

(2) A transfer of entitlement under this section may be made, changed, or canceled by an eligible veteran at any time before the expiration of the period within which such veteran may use such veteran's entitlement under this chapter.

(3) In regulations relating to transfer of entitlement under this section, the Administrator, with the concurrence of the Secretary of Defense, may place such limits upon the making, changing, and cancellation of transfers as the Administrator considers necessary for efficient administration.

(b) A dependent to whom entitlement is transferred under this section is entitled to educational assistance under this chapter in the same manner as the veteran from whom the entitlement was transferred would be entitled.

(c) If a veteran has transferred entitlement under this section to one or more dependents, the basic educational assistance and supplemental educational assistance payable under this chapter shall be divided (1) in such manner as such veteran

shall specify, or (2) if such veteran is deceased or is otherwise unable or unwilling to specify the manner in which such assistance shall be divided, on a pro rata basis except as otherwise determined under regulations which the Administrator shall prescribe.

(d) Notwithstanding any other provision of this chapter, no assistance shall be paid under this chapter to a person divorced from the veteran on whose service such person's entitlement is based.

§ 1432. Expiration of periods during which entitlement may be used

(a) Except as provided in subsections (c) through (e) of this section, the period during which an eligible veteran may use such veteran's entitlement to educational assistance under this chapter expires at the end of the ten-year period beginning on the date of such veteran's last discharge or release from active duty.

(b) Except as provided in subsection (e) of this section, the period during which a dependent with entitlement transferred pursuant to section 1432 of this title may use such entitlement expires at the end of the ten-year period beginning on whichever is the later of—

(1) in the case of a spouse of a veteran (A) the date that such veteran has completed ten consecutive years of active duty occurring after June 30, 1981, or (B) the first date on which such veteran would be eligible to use entitlement under this chapter pursuant to subsection (c) of this section if such veteran had not transferred all of such veteran's entitlement under this chapter; or

(2) in the case of a child of a veteran (A) on the date such child reaches eighteen years of age, or (B) the first date on which such veteran would be eligible to use entitlement under this chapter pursuant to subsection (c) of this section if such veteran had not transferred all of such veteran's entitlement under this chapter.

(c) In the case of any eligible veteran who has been prevented, as determined by the Administrator, from pursuing a program of education under subchapter II or III of this chapter within the ten-year period prescribed by subsection (a) of this section, because—

(1) such veteran had not met the nature of discharge requirement of such subchapter before (A) the nature of such discharge or release was changed by appropriate authority; or (B) with respect to educational assistance under subchapter II of this section, the Administrator determined, under regulations prescribed by the Administrator, that such discharge or release was under conditions other than dishonorable, or

(2) such veteran's discharge or dismissal was, under section 3103 of this title, a bar to benefits under this title before the Administrator determined that such discharge or dismissal is not a bar to such benefits, such ten-year period shall not run during the period of time that such veteran was so prevented from pursuing such program of education.

(d) In the case of a veteran eligible for educational assistance under the provisions of this chapter who subsequent to such veteran's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, the ten-year period described in subsection (a) of this section shall not run (1) while such veteran is so detained, or (2) during any period immediately following such veteran's release from such detention during which such veteran is hospitalized at a military, civilian, or Veterans' Administration medical facility.

(e) In the case of any person who is an eligible veteran or a dependent to whom entitlement under this chapter has been transferred pursuant to section 1431 of this title and—

(1) who was prevented from pursuing such person's chosen program of education prior to the expiration of the ten-year period for use of entitlement under this section because of a physical or mental disability which was not the result of such person's own willful misconduct, and

(2) who applies for an extension of such ten-year period within one year after (A) the last day of such period, or (B) the last day on which such person was so prevented from pursuing such program, whichever is later,

such ten-year period shall not run with respect to such person during the period of time that such person was so prevented from pursuing such program and such ten-year period will again begin running on the first day following such person's recovery from such disability on which it is reasonably feasible, as determined under regulations which the Administrator shall prescribe, or such person to initiate or resume pursuit of a program of education with educational assistance under this chapter.

§ 1433. Suspension of educational assistance

The payment of educational assistance under this chapter shall be suspended in the case of any eligible veteran who fails to serve satisfactorily in the Ready Reserve of a component of the Armed Forces during a period of Ready Reserve service that such veteran is committed to serve in connection with establishing entitlement to such assistance. The payment of such assistance shall be reinstated upon receipt of certification from the Secretary concerned that such veteran is serving satisfactorily as a member of such Ready Reserve.

§ 1434. Exclusion of certain service for purpose of earning entitlement

For the purpose of section 1402 of this title, the term "active duty" does not include any period during which an individual was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, served as a cadet or midshipman at one of the service academies, or served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

§ 1435. Extension to permit completion of term

(a) If a person is enrolled under this chapter in an educational institution regularly operated on the quarter or semester system and the period during which such person may use such person's entitlement under this chapter would, under section 1432 of this title, expire during a quarter or semester, such period shall be extended to the termination of such quarter or semester.

(b) If a person is enrolled under this chapter in an educational institution not regularly operated on the quarter or semester system and the period during which such person may use such person's entitlement under this chapter would, under section 1432 of this title, expire after a major portion of the course is completed, such period shall be extended to the end of the course or for twelve weeks, whichever is the lesser period of extention.

§ 1436. Program requirements

Except as otherwise provided in this chapter, the provisions of sections 1663, 1670, 1671, 1673, 1674, 1677, 1681, and 1683 of this title and the provisions of chapter 36 of this title, with the exception of section 1780(a)(6), shall be applicable to the provision of educational assistance under this chapter.

§ 1437. Appropriations

(a) Payments for entitlement earned under subchapter II of this chapter and not used by a dependent pursuant to a transfer under section 1431 of this title shall be made from appropriations made to the Veterans' Administration.

(b) Payments for (1) entitlement earned under subchapter II and used by a dependent pursuant to a transfer under section 1431 of this title, and (2) entitlement earned under subchapter III of this chapter, shall be made from appropriations made to the Department of Defense.

§ 1438. Additional amounts of assistance

Subject to the availability of appropriations made to the Office of the Secretary of Defense specifically for the purposes of this section, if the Secretary concerned, in accordance with regulations which the Secretary of Defense may prescribe to implement this section, determines it to be necessary and appropriate in order to obtain or retain the services of sufficient numbers of qualified active-duty personnel in specific categories of such personnel, such Secretary concerned may, if the Secretary of Defense approves in the cases of particular categories, increase the amount of basic or supplemental educational assistance, or both, payable on account of active-duty service performed in one or more such categories and the monthly rate or rates at which such assistance may be paid.

§ 1439. Reporting requirements

The Secretary of Defense and the Administrator shall submit to the Congress at least once every two years separate reports on the operations of the programs provided for in this chapter and shall include in each such report (1) information indicating (A) the extent to which the benefit levels provided under this chapter are adequate to achieve the recruitment and retention purposes of this chapter and of providing an adequate level of financial assistance to help meet the cost of pursuing a program of education, and (B) whether it is necessary for the purposes of maintaining adequate levels of well-qualified active-duty personnel in the Armed Forces to continue to offer the opportunity for educational assistance under this chapter to persons who have *not yet entered active-duty service, and (2) such recommendations for administrative or legislative changes regarding the provision of educational assistance under this chapter as the Secretary or Administrator, respectively, consider appropriate.*

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CHAPTER 31—TRAINING AND REHABILITATION FOR VETERANS WITH SERVICE-CONNECTED DISABILITIES

* * * * * * *

§ 1509. Allowances

(a)(1) * * *

* * * * * * *

(f)(1)(A) In any case in which the Administrator determines that a veteran is entitled to rehabilitation under this chapter, to the extent that such veteran has remaining eligibility for and entitlement to educational assistance benefits under chapter *30 or* 34 of this title, such veteran may elect, as part of a vocational rehabilitation program under this chapter, to pursue an approved program of education and receive allowances and other forms of assistance equivalent to those authorized for veterans enrolled under *either chapter 30 or* chapter 34 of this title, if the Administrator approves the educational, professional, or vocational objective chosen by such veteran for such program.

(B) In the event that such veteran makes such an election, the terms and conditions applicable to the pursuit of a comparable program of education and the payment of allowances and provisions of assistance under chapter *30 or* 34 of this title for such a comparable program shall be applied to the pursuit of the approved program of education under this chapter.

(2) A veteran who is receiving an allowance pursuant to paragraph (1) of this subsection may not receive any of the services or assistance described in section 1504(a)(3), (7), and (8) of this title (other than an allowance and other assistance under this subsection).

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CHAPTER 32—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE

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Subchapter II—Eligibility; Contributions; and Matching Fund

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§ 1623. Refunds of contributions upon disenrollment

(a) Contributions made to the program by a participant may be refunded only after the participant has disenrolled from the program or as provided in section 1624.

(b) If a participant disenrolls from the program prior to discharge or release from active duty, such participant's contributions will be refunded on the date of the participant's discharge or release from active duty or within 60 days of receipt of notice by the Administrator of the participant's discharge or disenrollment, except that refunds may be made earlier in instances of hardship or other good reason as prescribed in regulations issued jointly by the Administrator and the Secretary.

(c) If a participant disenrolls from the program after discharge or release from active duty, the participant's contributions shall be refunded within 60 days of receipt of an application for a refund from the participant.

(d) In the event the participant (1) dies while on active duty, (2) dies after discharge or release from active duty, or (3) disenrolls or is disenrolled from the program without having utilized any entitlement, the participant may have accrued under the program, or, in the event the participant utilizes part of such participant's entitlement and disenrolls or is disenrolled from the program, the amount contributed by the Secretary under the authority of section 1622(c) remaining in the fund shall be refunded to the Secretary.

(e) In the event the participant becomes entitled to basic educational assistance under subchapter II of chapter 30 of this title, such participant shall be disenrolled

from the program under this chapter effective the last day of the month in which such participant becomes entitled to such assistance.

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CHAPTER 34—VETERANS' EDUCATIONAL ASSISTANCE

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Subchapter II—Eligibility and Entitlement

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§ 1662. Time limitations for completing a program of education

Delimiting Period for Completion

(a)(1) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date 10 years after the veteran's last discharge or release from active duty after January 31, 1955, *and before January 1, 1980;* except that, in the case of any eligible veteran who was prevented from initiating or completing such veteran's chosen program of education within such time period because of a physical or mental disability which was not the result of such veteran's own willful misconduct, such veteran shall, upon application made within one year after (A) the last date of the delimiting period otherwise applicable under this section, (B) the termination of the period of such mental or physical disability, or (C) the effective date of the Veterans' Rehabilitation and Education Amendments of 1980, whichever is the latest, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines from the evidence, that such veteran was so prevented from initiating or completing such program of education. When an extension of the applicable delimiting period is granted a veteran under the preceding sentence, the delimiting period with respect to such veteran will again begin running on the first day following such veteran's recovery from such disability on which it is reasonably feasible, as determined in accordance with regulations which the Administrator shall prescribe, for such veteran to initiate or resume pursuit of a program of education with educational assistance under this chapter.

(2)(A) Notwithstanding the provisions of paragraph (1) of this subsection, any veteran shall be permitted to use any of such veteran's unused entitlement under section 1661 of this title for the purposes of eligibility for an education loan, pursuant to the provisions of subchapter III of chapter 36 of this title, after the delimiting date otherwise applicable to such veteran under such paragraph (1), if such veteran was pursuing an approval program of education on a full-time basis at the time of the expiration of such veteran's eligibility.

(B) Notwithstanding any other provision of this chapter or chapter 36 of this title, any veteran whose delimiting period is extended under subparagraph (A) of this paragraph may continue to use any unused loan entitlement under this paragraph as long as the veteran continues to be enrolled on a full-time basis in pursuit of the approved program of education in which such veteran was enrolled at the time of expiration of such veteran's eligibility (i) until such entitlement is exhausted, (ii) until the expiration of two years after the date of enactment of this paragraph or the date of the expiration of the delimiting date otherwise applicable to such veteran under paragraph (1) of this subsection, whichever is later, or (iii) until such veteran has completed the approved program of education in which such veteran was enrolled at the end of the delimiting period referred to in paragraph (1) of this subsection, whichever occurs first.

* * * * * * *

(3) An eligible veteran whose last discharge or release from active duty occurs after December 31, 1979, shall not be entitled to educational assistance under this chapter after (A) the expiration of the five-year period following the date on which such veteran first begins to pursue a program of education under this chapter after such

discharge or release if such date occurs no later than two years after such discharge or release from active duty or (B) December 31, 1989, whichever is the later.

* * * * * * *

Savings Clause

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[(e) No educational assistance shall be afforded any eligible veteran under this chapter or chapter 36 of this title after December 31, 1989.]

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CHAPTER 36—ADMINISTRATION OF EDUCATIONAL BENEFITS

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Subchapter II—Miscellaneous Provisions

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§ 1795. Limitation on period of assistance under two or more programs

(a) The aggregate period for which any person may receive assistance under two or more of the laws listed below—

(1) part VII or VIII, Veterans Regulation numbered 1(a), as amended;
(2) title II of the Veterans' Readjustment Assistance Act of 1952;
(3) the War Orphans Educational Assistance Act of 1956;
(4) chapters 32, 34, 35, and 36 of this title, and the former chapter 88;

may not exceed forty-eight months (or the part-time equivalent thereof.

(b) No person may receive assistance under chapter 31 of this title in combination with assistance under any of the provisions of law cited in clauses (1), (2), (3), and (4) *of subsection (a)* of this section or under *chapter 30 of this title* in excess of forty-eight months (or the part-time equivalent thereof) unless the Administrator determines that additional months of benefits under chapter 31 of this title are necessary to accomplish the purposes of a rehabilitation program (as defined in section 1501(5) of this title) in the individual case. *Computations made for the purposes of this subsection with respect to chapter 30 of this title shall be based on counting one-forty-eighth of the maximum total amount of assistance payable under such chapter 30 of this title as one month of assistance under such chapter.*

(c)(1) A person who is an eligible veteran as defined in section 1402(4) of this title for purposes of chapter 30 of this title shall not be afforded educational assistance under any provision of chapter 34, 35, or 36 of this title.

(2) The entitlement of any person to educational assistance under chapter 30 of this title shall be reduced by one dollar for each dollar of assistance that has been paid to such person under chapter 34, 35, or 36 of this title.

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PUBLIC LAW 94-502—OCT. 15, 1976

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TITLE IV—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE ACT

* * * * * * *

SEC. 408. [(a)(1)] No individual on active duty in the Armed Forces may initially enroll in the educational assistance program provided for in chapter 32 of title 38, United States Code (as added by section 404 of this Act) after December 31, 1981. [, unless—].

[(A) before June 1, 1981, the President submits to both Houses of Congress a written recommendation that such program continue to be open for new enrollments; and

[(B) before the close of the 60-day period after the day on which the President submits to Congress the recommendation described in subparagraph (A), neither the House of Representatives nor the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution which in substance disapproves such recommendation.

[(2) For purposes of computing the 60-day period referred to in paragraph (1)(B), there shall be excluded—

[(A) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and

[(B) any Saturday and Sunday, not excluded under the preceding subparagraph when either House is not in session.

The recommendation referred to in paragraph (1)(A) shall be delivered to both Houses of congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

[(b) If new enrollments after December 31, 1981, in the educational assistance program provided for in such chapter 32 are authorized after the application of the provisions of subsection (a), then effective January 1, 1982, section 1622(b) of title 38, United States Code, is amended by striking out "Veterans' Administration" and inserting in lieu thereof "Department of Defense."]

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Air Force Sergeants Association,
Washington, D.C., December 31, 1980.

Hon. Alan Cranston,
U.S. Senate,
Washington, D.C.

Dear Senator Cranston: Thank you for sending me your proposed legislation on the Educational Assistance Program Act of 1980 and the opportunity to once again give my analysis of the proposed legislation you will introduce in the 97th Congress.

I thoroughly enjoyed the opportunity to testify before you and the distinguished members of your committee on S. 3263, and I compliment you on your personal efforts on behalf of our Armed Services people. As to my comments on the bill, I offer the following:

A. The basic premise of the bill is good and should enhance the retention of the type of people needed for our All-Volunteer Forces.

B. I do, once again, question the transferability clause in the bill, as it certainly favors the officers, while it does little for the enlisted members of the Military Services. The officers already have their college degree, while the majority of the enlisted men and women have not had the opportunity nor the means to obtain their higher educational pursuits. Secondly, I do not understand why we are extending such benefits beyond the individual man or woman who signs the contract for service in our Defense Forces. I can foresee all kinds of problems entailed with the transferability clause. Permit me to so elaborate.

1. What are we doing for the single individual, who is the least expensive to the government, has very few distractions from his assigned duty and is better prepared to serve anywhere our service missions so dictate?

2. In view of the decisions being rendered by the courts today, what protection does the individual service member have once the educational benefit is transferred and there is a subsequent divorce? Undoubtedly, the courts would favor the spouse or child retaining the transferred educational benefits.

3. For those individual service members having more than one child, how does he or she make the decision as to which child shall be favored with the transferability of educational benefits?

4. What obligation does the spouse or child have toward service in our Armed Forces after they have benefited from the educational program? That is a problem we now have with those students obtaining government loans, getting their education, failing to repay the government, yet still have no obligation to serve our nation in any capacity.

While the transferability feature will certainly be most appealing to many in our Armed Services, I question the Congress ever passing such legislation that will ultimately be extremely costly, for the return anticipated.

I would further ask for your consideration and that of your colleagues, as to why we can't get back to the basic principles that have always enabled us to have good people in our Armed Services. Take care of the individual who signs the contract to serve. Provide he or she with a G.I. Bill that is simple, similar to the one now in effect. The responsibility of the family must continue to rest with the individual service member, and not become a ward of the government. After all, the services are doing so much more than they ever did for the families of service members while in many instances they fail to give too much consideration to the single individuals.

On behalf of all those I so proudly serve, I would think of nothing the 97th Congress could do to enhance retention in our Armed Services than to pass a simple G.I. Educational Bill, that will not be overly costly to the government, yet would sustain the force with adequate manpower resources over the long haul.

Having knowledge of the educational bill your distinguished colleague Senator Bill Armstrong also plans to enter in the Senate, and the somewhat different bill, I understand that will be forwarded by the Department of Defense. I have concern over any of the bills actually being approved during the coming year.

Again, I thank you for the opportunity to comment on your bill and I stand ready and willing to discuss the issue with you or members of your staff at any time convenient.

With all good wishes, I remain.

Sincerely,

Donald L. Harlow,
CMSAF, Ret., Deputy Executive Director.

January 5, 1981.

The Honorable Alan Cranston,
U.S. Senate, Committee on Veterans' Affairs, Washington, D.C.

Dear Senator Cranston: Thank you for your letter requesting comments on S. 3623, re an AVF GI Bill. I think your bill is a major step in the direction of saving the AVF. As you know, for the past few years I have been in the forefront of those advocating just such a GI Bill over the opposition of the Office of the Secretary of Defense. My comments will be brief inasmuch as the inclosed article presents most of my findings and thoughts on the AVF and an AVF GI Bill.

1. An AVF GI Bill must compete with present and projected federal educational aid to college students (over $5 billion annually). Unless such aid is linked to a national service obligation, no GI Bill (unless extraordinary) will attract a cross-section of youth.
2. One ought not preclude two-year enlistments for GI Bill eligibility. Sure it would be nice to have three-year and over-volunteers, but a short enlistment will attract more of a cross-section.
3. GI Bill eligibility must be linked to reserve obligations. Without larger numbers of prior-service personnel, there is no way to salvage the Army reserves in the AVF. (We might also consider a "little GI Bill" for those who serve six months on active duty followed by five or six years of reserve duty.)
4. S. 3629 is to be commended in that it imaginatively proposes that GI Bill benefits can be transferred to a soldier's dependents under certain circumstances. We need more discussion on ways to make a GI Bill consistent with needed retention in the career force, e.g., "Banking" one's GI Bill sum in an interest-bearing account for careerists only, allowing for a "sabbatical" in order to train career personnel in technical and scientific specialties.
5. That only those who successfully complete their tour ought be eligible for GI Bill benefits is a stipulation long overdue. S. 3623 should be a model bill in this regard.

I realize that many of the above points cannot be handled solely by the Veterans' Committee. This makes the task of saving the AVF difficult, but still possible.

Sincerely,

Charles C. Moskos.

American Association of State,
College and Universities,
Washington, D.C., January 8, 1981.

Ms. Babette Polzer.
Professional Staff Member, Senate Committee on Veterans Affairs, Russell Senate Office Building, Washington, D.C.

Dear Babette: I am responding to Senator Cranston's letter of December 19, asking for comments on S. 3263. My colleagues and I also have had several meetings at One Dupont about this bill, the draft Armstrong bill, and other possible G.I. alternatives. As you know, Mike Kelly has called upon most of us. In fact, I would like to comment a bit on the Armstrong bill, too, since I gather that will have strong support.

My first point is that we feel, as we always have, that it would be very valuable both to the military and to the national well-being to revive a peacetime G.I. Bill. Millions of people have benefited from the past bills, people who otherwise would probably never have had a chance for further education and better opportunities. We have testified in the past for continuation of a peacetime bill, and were sorry when this was not politically possible.

We are also conscious of the serious problems the military faces in recruitment and retention. They have been well spelled out in recent Washington Star articles and elsewhere.

AASCU has a special interest in military education and upgrading because we administer the Servicemembers Opportunity Colleges (SOC), under contract with DOD, through which several hundred colleges, public and private, two-year and four-year, provide education to the armed services and permit people to work toward AA or BA degrees. I enclose a brochure on this program, which is an outgrowth of the Carnegie-sponsored Program for Veterans and Servicemen on which I worked with Jon Steinberg some years ago.

I have several comments about the Cranston bill and Armstrong bill, some of which are views shared with my colleagues, especially those in the public college sector.

The Cranston bill: I think our principal concern is that the payments may be too low. I realize that you feel that peacetime servicemen should perhaps not get the same benefits as wartime men, but the costs of college (and subsistence) have risen fast in the last few years. If the payments are to be a true incentive to enlistment for college-potential people, they probably will have to be higher than $250 a month.

Our second concern is that, unlike the Armstrong bill, you do not deal with the retention problem. I believe the parts of that bill which provide in-service education, with the possible transfer of benefits to spouses and children, are an incentive to retention. So are the education leaves, an idea I know DOD favors. However, I am not sure these ideas, especially the Career Serviceperson's Education Assistance Program (a modified VFAP), are adequate to meet this need. Perhaps a program which involves a smaller or no contribution by the serviceman would be better; but I believe that something should be done to address retention as well as recruitment. I know DOD would agree.

The Armstrong Bill: We see some problems with the Armstrong bill. One is that a separate tuition payment of up to $2,500 a year, in addition to a $250 monthly subsistence allowance, can encourage abuse. Colleges may raise their tuition and fees or "play games" with fees in order to obtain more money. This was the experience with the World War II bill, as you know, in which many public, private, and profit-making schools raised their tuitions or added extra fees to obtain more money.

Kelly told me that profit-making schools would not be eligible for his bill, but a careful reading by all of us reveals that they are indeed eligible. Even if they were excluded in the bill, their lobbying power in Congress is such that they probably would be included—in the House if not in the Senate.

Kelly also has proposed, in response to private college concerns, that rather than a flat maximum of $2,500 the bill might pay say 80 percent of tuition up to $3,000. We believe that this is simply a way of punishing the very large number of veterans who would probably choose public colleges anyway—as over 80 percent of all students do now.

It would not encourage anyone to go to a private college, we believe, if he were told that he could get 80 percent of $800 tuition at a public (i.e. $640) as opposed to $2400 at a $4000-a-year private. But many private college people appear to believe that paying somewhat less than full tuition will make public colleges "less attractive" to veterans and private colleges somehow more attractive. This is a variation on arguments about half-cost in BEOG, paying a percentage tuition tax credit rather than a flat grant, etc. All of these ideas are simply intended to make public colleges less attractive without really helping private colleges; but Kelly has indicated he will probably go this route, in order to win private college support for the bill.

The most important consideration here is to help the military recruit better people, and give such people educational benefits. Paying a percentage like 80 percent does nothing to help this purpose, and it is likely to discourage recruitment. Over 80 percent of all students attend public colleges anyway, and it is likely for many reasons that many veterans would do so.

The fact that many will be married, working part-time, commuting, and seeking job-related training is likely to encourage many to go to a public college, often in commuting distance, rather than a residential four-year college. However, the Higher Education Act now provides large additional sums in grants, work-study, and loans, for which veterans who wanted a more expensive education could apply. I also assume that the current G.I. loans and work-study would probably continue.

You should know that the public college sector is especially concerned about this percentage idea.

I would add that allowing a percentage of tuition and fees could also lead to abuse. For one thing, "fees" are hard to define. We are told by college business officers that different colleges use literally hundreds of different fees for various purposes. By adding additional fees, colleges could collect more revenue. Many colleges also charge differential tuition. They charge lower tuition to students they want, or who cannot afford full tuition; but they would presumably be reimbursed on the "list price" tuition, whatever they actually charged; a flat maximum would avoid some of these problems, if you don't pay a flat rate per month.

In any case, since the Committee will have to review the Armstrong bill and perhaps similar bills as well as the Cranston bill. I wanted to alert you to some of these concerns. We also have shared them with Mike Kelly.

We do appreciate the Senator's interest in new legislation in this area. We would like to help in any way we can. Please call on us again.

Sincerely yours,

JOHN MALLAN,
Vice President for Governmental Relations.

VETERANS ADMINISTRATION,
January 8, 1981.

Hon. ALAN CRANSTON,
U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: This is in reply to your letter dated December 19, 1980, requesting our views on your new bill, S. 3263, 96th Congress, a measure "To amend title 38, United States Code, to provide a new educational assistance program for persons who enter the Armed Forces after June 30, 1981."

The intent of your proposal is to provide a new GI Bill educational program for the present All-Volunteer Armed Forces. I am in accord with you that the existing educational programs as they relate to the volunteer military personnel need to be closely studied and a new, more effective program devised.

To that end, my staff has begun a review of existing programs in the light of the needs of the current Armed Forces. However, we do not contemplate being able to formulate suitable alternatives to existing programs before the incoming administration assumes office. I believe that a decision on a suitable program and policy in this area should be deferred to allow us to complete our review and to allow the new administration to provide us with its guidance on this important matter. Therefore, I do not believe it would be appropriate for me to comment upon S. 3263 by January 12, 1981, as you have requested.

I sincerely appreciate your interest in receiving our views on this important and needed program.

Sincerely,

MAX CLELAND,
Administrator.

NON COMMISSIONED OFFICERS ASSOCIATION
OF THE UNITED STATES OF AMERICA,
Washington, D.C., January 9, 1981.

Hon. ALAN CRANSTON,
Committee on Veterans' Affairs, Washington, D.C.

DEAR SENATOR CRANSTON: Thank you for inviting NCOA to comment on your proposed "All Volunteer Force Educational Assistance Program Act." The introduction of such a bill demonstrates your sincere desire to provide for our nation's veterans. It also demonstrates your commitment to improved recruiting and retention in the All Volunteer Force. NCOA applauds your efforts.

There are three general areas which concern NCOA in the development of any new education program. They are length and character of service required; amount of educational assistance payments; and, provisions for transferability to dependents.

The Association favors a program that includes as its first requirement an honorable discharge. Your bill requires a minimum service period of three years. While NCOA believes a two year service commitment would be adequate, we would support legislation that requires three years.

The amount of any educational assistance payments should be uniform, in our opinion. As you recall, NCOA supported a proposal last year which called for some disparity in the educational earnings of service members based on occupational specialty. Since that time we have reassessed this view. As a result, the Association believes that a successful G.I. Bill will allow for equal earnings and payments to persons completing a fixed period of service. We will not, at this point, support a tiered earning program or a program which pays separate tuition and subsistence allowances.

Accordingly, the Association supports the provisions of current law providing the circumstances and amounts of payments for the Vietnam Era G.I. Bill. Using this schedule of payments will alleviate regulatory problems and lead to a very immediate understanding of the bill. This simplicity and uniformity can only enhance the bill's effectiveness, acceptance and success. We also believe it would be among the least expensive options of payment proposals.

Finally, NCOA strongly opposes provisions providing for direct transferability of education benefits to a dependent. We do not believe such a program is fiscally desirable or supportable. However, we are sensitive to the needs and desires of the Armed Forces and its members; perhaps more than most organizations since 83 percent of our members are on active duty.

In order to accommodate their needs and desires, NCOA will support a "contributory" dependents educational assistance program. Using the existing VEAP program as a model, we would allow a service member to begin contributing to an education fund after completing six years of service. No matching funds or payments would be made until the member has completed ten years of service under our proposal. We also hope to improve some of the withdrawal and vesting provisions of VEAP model for the dependents education program. Notwithstanding that, we believe a contributory program would fulfill the need of a dependents education program and still preserve the integrity of "veterans benefits."

In conclusion, NCOA is now working with Senator Cohen on improvements to his bill, S. 48. It is our desire to incorporate into S. 48 or a new bill the several recommendations we have made here. However, we look forward to working with you during the coming year to provide what consensus shows to be the most appropriate new G.I. Bill for the All Volunteer Force.

With highest commendation and deepest thanks, I am,

Sincerely,

RICHARD W. JOHNSON, JR.,
Assistant Director for Legislation.

CHAIRMAN OF THE JOINT CHIEFS OF STAFF,
Washington, D.C., January 10, 1981.

Hon. ALAN CRANSTON,
U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: I appreciate the opportunity to provide my views on the proposed "All-Volunteer Force Educational Assistance Program Act of 1980."

The details of S. 3263 and other similar proposals have not yet been carefully analyzed by the Joint Chiefs of Staff. However, the Chiefs are on record in support of a noncontributory education program for members of the Armed Forces as a means to assist in meeting manpower requirements.

The bill you have proposed has a number of features which I personally support: cost-free educational assistance to members of the Armed Forces, supplemental assistance for continued service, and provision for elegible Service members to transfer unused benefits to their dependents. The following additional features are offered for your consideration:

a. Provide benefits (at reduced level) for service in the Reserve Components.

b. Increase the basic monthly stipend to more accurately reflect basic educational programs. As an example, the monthly stipend for a single veteran under the Vietnam-era GI Bill is $342.

c. Make eligibility conditional upon receipt of an honorable discharge or medical discharge for a service-connected disability.

Your efforts on educational assistance are greatly appreciated. I look forward to a successful program that will fill a variety of needs and be an important recruiting and retention incentive.

Sincerely,

DAVID C. JONES,
General, USAF.

Disabled American Veterans,
Washington, D.C., January 12, 1981.

Hon. **Alan Cranston,**
Ranking Minority Member, Senate Veterans Affairs Committee, Russell Senate Office Bldg., Washington, D.C.

Dear Senator Cranston: Thank you for your letter of December 19, 1980 wherein you requested our comments and suggestions regarding your bill S. 3263—The All Volunteer Force Educational Assistance Act of 1980.

Initially, I must state that the DAV supports and acknowledged the need for a strong and viable military to insurge our national security.

Furthermore, we also recognize the fact that the All Volunteer Force is in serious trouble and has great difficulty in attracting and retaining high quality personnel.

As proposed, S. 3263 seeks "to promote and assist the All Volunteer Force Program of the United States by establishing in improved program of educational assistance for those men and women who enter active duty in the Armed Forces after June 30, 1981, to help in the recruitment of well-qualified men and women, and to provide those men and women with assistance in obtaining an education that they might not otherwise be able to afford."

Clearly, S. 3263, as set forth in its purpose, is intended as a recruitment and retention device to assist the ailing All Volunteer Military Force.

A glaring deficiency we have noted in the proposal, is one of providing a mechanism that would enable the military service departments to offer immediately the supplemental educational assistance and transferability provisions of the bill, as a means of retaining those men and women who are presently serving in the Armed Forces.

Due to the serious retention problems the All-Volunteer Force is experiencing at the present time, we believe such a provision could be helpful in resolving some of these retention problems in the immediate future.

Another point, which was apparently just an oversight, is that the bill does not preclude the dual receipt of educational benefits under the proposed Chapter 30 and the present Chapters 31 and 35 of Title 38, U.S. Code. I am certain that you did not intend that individuals who might gain eligibility for two educational programs would be able to receive benefits from both.

Senator Cranston, the DAV supports the purpose and premise upon which this legislation is founded. We believe your proposal is particularly attractive and could very well go a long way to resolving some of the recruiting problems experienced by the Department of Defense.

Those provisions of your bill which would provide supplemental educational assistance to the service member and transferability to their dependents are by far one of the most attractive proposals to help solve the retention problems of the military services.

However, as I stated in my testimony before the Senate Veterans Affairs Committee on June 19, 1980, the DAV is adamantly opposed to the VA "footing the bill" for any proposal to establish new programs of educational assistance for the purpose of improving and strengthening the All Volunteer Military Force.

As proposed, S. 3263 would require the VA to be responsible for the cost of administering the program, as well as the cost of the basic educational assistance. The Department of Defense would only be responsible for the cost of the supplemental educational assistance.

Your remarks, appearing in the Congressional Record of December 12, 1980, make perfectly clear the nature of this program and its relationship with past VA educational readjustment programs, and I quote—"In closing, I want to stress that my proposal is for an essentially contractual program—a very different concept from the World War II, Korean Conflict, and current, Vietnam Era GI Bill."

Eligibility and entitlement for the All Volunteer Force Educational Assistance Program is based upon a contractual agreement between the Department of Defense and those individuals entering and serving in the peacetime All Volunteer Military Force. As such, in our considered opinion, the Department of Defense must be responsible for bearing the entire cost of this defense-oriented program.

In addition to the foregoing conclusions regarding the funding of this program, I think it is important to keep in mind the philosophical basis upon which veterans' educational readjustment benefits have been traditionally provided in the past. Failing to do so would undermine the fundamental purpose of past and present educational readjustment programs and could bring an enormous storm of protest from Vietnam Era GI Bill critics and groups.

The DAV has no objections to the VA administering the program or even placing the program in Title 38, U.S. Code for ease of such administration, but we do object to the VA "picking up the tab."

The Veterans Administration, as you well know, has suffered severe reductions in personnel in the Department of Veterans Benefits in recent years. And it appears, at the present time, that these reductions in personnel will continue unless Congressional action is taken to restore the losses.

During your deliberations regarding S. 3263, I hope you will keep this important point in mind.

I trust you and your colleagues will find our comments and suggestions helpful regarding this important matter and, again, I wish to express our sincere appreciation to you for providing us this opportunity to comment on the provisions of S. 3263.

Sincerely yours,

STEPHEN L. EDMISTON,
Administrative Assistant.

DEPARTMENT OF THE NAVY,
HEADQUARTERS U.S. MARINE CORPS,
Washington, D.C., January 13, 1981.

The Honorable ALAN CRANSTON,
U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: I appreciate the opportunity to provide my views on the proposed "All Volunteer Force Educational Assistance Program Act of 1980."

The bill you have proposed has a number of features that I strongly support: cost-free educational assistance to members of the Armed Forces, incrementally higher benefits for continued service beyond three years, and provision for eligible service members to transfer unusued benefits to their dependents. The following modifications would, in my judgment, provide an educational assistance program that most effectively meets our needs.

a. Entitlements tied to length of enlistment, by providing one month of benefit for one month of service through the third year (at which time full entitlements would be earned), would enhance educational opportunities for in-service use by the service member. Honorable service concluded prior to the end of the third year would entitle the service member to that portion of the benefits earned.

b. All funding and administration accomplished by the Veterans Administration would clearly establish responsibility for the educational assistance program in one agency, leaving other direct methods of encouraging enlistment and retention a responsibility of the Department of Defense.

c. A right of transferability of unused benefits, made to dependents after appropriate service, would provide a strong incentive to continue active service. Rather than the procedure proposed in the "All Volunteer Force Educational Assistance Program Act of 1980," we would prefer that after ten years' active service, the service member would have the right of transferability of unused benefits to dependents, if the service member remains on active duty, or until the service member enters retirement status at which time the service member or dependents have ten years to use the benefit.

d. An entitlement for Selected Reserves of up to one-half of the active duty benefit would improve manning of reserve forces.

e. A change to Chapter 34 of Title 38 United States Code providing for benefits up to ten years after separation would provide a necessary incentive for the group of service members eligible for educational assistance under that Act.

f. Requiring honorable service as a prerequisite to educational assistance would complement many other programs and efforts designed to encourage individual responsibility.

Along with pay comparability, an effective educational assistance program would return great dividends in gaining and keeping men and women who have characteristics that we need in the Marine Corps. Its additional long-term impact on our society in bringing out the abilities of individuals who otherwise might not have the advantage of other opportunities makes the investment doubly attractive.

I trust that the foregoing information will be of use to you. If I may be of assistance to you in the future, please do not hesitate to call on me.

Sincerely,

R. H. Barrow,
General, U.S. Marine Corps, Commandant of the Marine Corps.

The American Legion,
Washington, D.C., January 14, 1981.

Hon. Alan Cranston,
Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Senator Cranston: This is in response to your correspondence dated December 19, 1980, with which you enclosed a copy of S. 3263 for the purpose of soliciting our comments thereon. We have enclosed a copy of Resolution No. 36, approved by our National Executive Committee during its October 1980 meeting, which places The American Legion in a position to support legislation providing education incentives for individuals enlisting in the Active and Reserve forces. Unfortunately, we are unable to respond to all provisions within the bill since several of them involve features which remain as subjects of discussions within our organization's staff.

However, we would like to specifically comment on one provision of S. 3263. Section 1436 provides that payments for entitlement earned under subchapter II of the measure shall be made from appropriations made to the Veterans Administration, and payments made for entitlement earned under subchapter III shall be made from appropriations made to the Department of Defense. It is the recommendation of The American Legion that any such education incentive program be funded as a Department of Defense function since the purpose is for the recruitment and retention of Armed Forces personnel, but be administered by the Veterans Administration, as that agency currently has staff experience in administering such a program.

The American Legion appreciates the opportunity to review and comment on your proposal.

Sincerely,

Mylio Kraja,
Director, National Legislative Commission.

Veterans of Foreign Wars
of the United States,
Washington, D.C. January 14, 1981.

Hon. Alan Cranston,
Ranking Minority Member, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

Dear Senator Cranston: Thank you for having afforded us the opportunity to comment on your "All Volunteer Force Educational Assistance Act of 1980," which you intend to reintroduce in the near future.

First, permit me to state we are generally supportive of any program to enhance the recruitment and retention of higher caliber personnel for our all-volunteer military establishment. However, the legislation in question is alien to the concept and philosophy of veterans' benefits and would establish precedents which would be costly and difficult to duplicate for the millions of veterans another war or conflict would generate. To be specific, I refer to the two-tiered benefit, the transfer of entitlement to the veteran's dependents and allowing the 10 year delimiting date to toll from the date of retirement, among others.

In addition to the foregoing, our position has been and remains that educational benefits for peacetime veterans who enlist of their own volition should be paid in full from the Department of Defense appropriation and administered by the Veterans Administration. Under the instant bill, the Basic Educational Assistance allowance would be payable to each beneficiary from the Veterans Administration appropriation which remains inadequate to carry out the existing mandates of Congress.

Several bills have already been introduced with respect to peacetime educational benefits and at this point in time, we are not in a position to commit ourselves to which would be the most beneficial and acceptable.

With best wishes and kind regards, I am

Sincerely,

Donald H. Schwab,
Director, National Legislative Services.

U.S. Army, The Chief of Staff,
January 15, 1981.

Hon. Alan Cranston,
U.S. Senate, Washington, D.C.

Dear Senator Cranston: I appreciate the opportunity to provide my views on the proposed "All-Volunteer Force Educational Assistance Program Act of 1980." Your bill embodies many features I support, especially cost-free educational assistance and a provision for eligible servicemembers to transfer unused benefits to their dependents. I do, however, suggest some additional features including benefits at a reduced rate for service in the Reserve Components, eligibility based on an honorable discharge, an increase in the monthly entitlement and a capability to supplement it.

Increasing the entitlement will assist in meeting today's high cost of education and make us more competitive with other federally funded programs which do not have a national service obligation. Allowing the Service Secretaries to selectively supplement the monthly entitlement will permit us flexibility in enlisting personnel into difficult-to-fill skill positions, especially in the combat arms.

I have enclosed a chart comparing your Bill provisions with the Army's initial position, its revised position developed in an attempt to reach Service unanimity and supporting rationale. I believe that a Bill containing these features will assist in solving many of our manpower needs. Thank you for your interest and support in this matter. Please do not hesitate to contact me if there is any other informaiton you need.

Sincerely,

E. C. Meyer,
General, U.S. Army, Chief of Staff.

COMPARISION OF ARMY EDUCATION INCENTIVE PROPOSAL WITH CRANSTON BILL (S. 3263)

Basic Army proposal	Revised Army position (to obtain service unanimity)	Cranston bill	Rationale for Army position versus Cranston bill (S. 3263)
Features:			
1. Noncontributory; all personnel; in-service use after 1 yr.	Concur with proviso for transfer from chs. 32 (Vietnam era bill) and 34 (VEAP) for in-service personnel with service obligation.	Noncontributory to all personnel (2-tier prog. concept); 1-basic assistance; 2-supplemental assistance.	Acceptable, if basic is higher.
2. Administered and funded by VA; basic benefit funded by VA.	Same	Basic VA funded. VA administered; supplemental DOD funded. VA administered.	Acceptable.
3. Earning rate of 1½ mo. per month; total of 36 mo.	1 mo. benefit/1 mo. service 36 mo	1 mo. basic benefit for 1 mo. service—36 mo 1 mo. supplement benefit for for each month beyond 36 mo.	Acceptable, except for needed provision for 2-yr. enlistee to earn benefits and return to selected Reserve and help fill large Reserve component needs/shortfall.
4. Monthly entitlement of $400 for full-time use	3 yr. ($300 mo; 6 yr. ($600 mo)	Basic—$250 per mo. $9,000 maximum (33 yr.); supplement—$375 per mo. $13,500 maximum (6 yrs); both—possible for 6 yr. service $625 per month. $22,500.	Basic entitlement is too low to be an incentive to attract HS diploma graduate college-oriented youth who are necessary to man the force, primarily in combat arms MOS's. The entitlement must be sufficient to compete with other federally funded programs that do not have any national service obligation.
5. Service can supplement stipend to aid recruiting and retention.	Same	No provision	Army must have this flexible option to selectively solve recruiting and retention problems.
6. Transfer unused benefits to dependents (transfer point established by service section).	Transfer after 10 yr. service while on active duty or after retirement.	After 12 yr. of service	Transfer point should be flexible, but not earlier than at 10-yr. point. This feature is a retention incentive and would assist in solving the Army's retention problem at mid-career level.
7. Option to establish contributory education fund for dependents.	Withdrawn	No provision	N/A.
8. Reserves entitled to ½ AD benefit fund for dependents.	Same with part-time use provision	Only through supplemental program after 36 mo. of active duty.	Benefit necessary to address severe Reserve component personnel shortages.
9. Benefits to be used within 10 yr. from separation	Same	10 yr. from separation	Same.
10. Honorable discharge after completion of service	Same	Honorable or general discharge	An incentive as a reward for honorable service to reduce attrition of 1st enlistees.

Assistant Secretary of Defense,
Washington, D.C., January 15, 1981.

Hon. Alan Cranston,
Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

Dear Senator Cranston: This is in response to your letter of 19 December 1980 concerning your legislation S. 3263, the "All-Volunteer Force Educational Assistance Program Act of 1980."

In general, I believe that educational incentives can play a valuable role as a recruitment and retention tool for the Armed Services. But designers of new education programs for the military must in their planning take into account those education programs which are already available to both the civilian and military populations. The drawing power of generalized military educational assistance today is much different from what it was even five years ago because of the rapid growth in other education programs. Consequently, any new military educational benefit package must recognize the interests of both military and education constituencies and the full spectrum of federal programs in this area, as well as the realities of the federal budget.

As you know, the Department of Defense is currently testing several educational benefit proposals mandated by the Congress. We hope to answer several important questions about educational assistance: What is the proper benefit level? What retention provisions would prove attractive? Should the program be contributory or noncontributory? I believe it is premature to design any new program before our test results are complete. We plan a final report to the Congress in about one year's time.

Regarding your specific legislation, S. 3263, I have several comments.

a. Outlay level: An estimated 300,000 new enlistees receiving a $9000 educational entitlement means a potential $2.7 billion annual outlay. This price tag would not include the supplemental educational benefit to be funded by the Department of Defense. I question the merit of adding such large outlays in addition to the $10 billion currently authorized for federal loan/grant programs.

b. Retention: I support the efforts in the bill to provide retention incentives. The transfer provision is similar to one that we will test in the FY 81 test program, to learn whether it is truly a retention incentive. My presumption is that people will use the transfer provision, but there is as yet no data to support such a notion. And I am uncertain whether the transfer provision is a strong enough incentive to retain a member past the twelve year point.

c. Benefit Value: At this time there are differing views on what should be the proper benefit level and the value of specific educational incentives, e.g., transferability, inservice use cash-out. Some favor a general entitlement: others believe educational benefits should be targeted as in the FY 81 test package. Such questions are being addressed in our current test.

I hope that these comments are helpful. I appreciate your continued support of and concern for the All-Volunteer Force, and I believe we are in agreement that educational benefits for the military might indeed improve the quality and attractiveness of the AVF.

Sincerely,

Robert B. Pirie, Jr.,
Assistant Secretary of Defense (MRA&L).

Department of the Army,
Office of the Under Secretary,
Washington, D.C., January 19, 1981.

Hon. Alan Cranston,
U.S. Senate, Washington, D.C.

Dear Senator Cranston: Some thirty-five years ago, along with millions of others, I participated in the GI Bill, which has been called the most successful educational program in the history of our Nation. I can think of no veterans' or educational assistance program, past or present, which can match the impact that the G.I. Bill has had on the Armed Services, our educational institutions, and the American society.

It appears that the American people and Congress are again prepared to support some form of G.I. Bill as a reward for, and as an inducement to, honorable service. As a citizen, long-time educator, and as the departing Under Secretary of the Army, I want to express my personal support for your efforts to reestablish the G.I. Bill.

Although I support the concept, I would like to offer my personal views on what features the new G.I. Bill should contain. As a minimum, the entitlement should be divided into tuition assistance and a monthly living allowance. Tuition assistance should be scaled to minimize the dramatic cost differential between public and private institutions. Public junior colleges may charge only a very minimal matriculation fee of $200 to $300 per year; state universities generally charge a student $500 to $1,000 per year; most private, independent institutions must require a tuition charge of $2,000 to $5,000 per year. Thus, without a differential, almost all veterans would feel compelled to opt for an education at a state institution. I recommend a two-tiered grant of the cost of state college tuition (not to exceed some average cost) and a separate annual entitlement, not to exceed $2,500, for those enrolled in independent colleges or universities.

General "Shy" Meyer has championed a proposal to allow a transfer of an educational entitlement from a soldier to his dependents after a specified period of service. I concur in his recommendation. It would be an invaluable retention tool targeted to retain those soldiers who value education the most by rewarding them for remaining in the service of their country.

Educational benefits as a reward for honorable service are compatible with our Nation's view of military life as an act of service. The G.I. Bill, in all its iterations, has recognized that there was a social contract between the Nation and its soldiers that was more than a paycheck. The Nation gains, as well as the individual, from such an arrangement.

Sincerely,

ROBERT H. SPIRO, Jr.,
Under Secretary of the Army.

DEPARTMENT OF THE AIR FORCE,
OFFICE OF THE CHIEF OF STAFF,
Washington, D.C., January 19, 1981.

Hon. ALAN CRANSTON,
Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: This is in response to your letter of 19 December 1980, in which you ask for our comments on S3263. "The All Volunteer Force Educational Assistance Program Act of 1980." I very much appreciate your concern for enhancing the capability of the services to both attract well qualified men and women into the armed forces and to assist in their retention.

A program such as that described in your Bill could well mean the difference between continuance of the All Volunteer Force concept and return to some form of conscription.

The major features of S3263 parallel quite closely those of proposed legislation under development by an inter-service working group. This group has achieved consensus on eight of ten provisions targeted at achieving the very purpose of your Bill. The inter-service proposal envisages a two-tiered approach as does yours—with a slightly higher initial amount—as well as a transferability feature, so long as the military member agrees to career status. The inter-service proposal also contains a provision for a basic educational entitlement at a reduced rate for entry into the ready reserve (Guard or Reserve).

I have asked my staff experts to contact Ms. Polzer and provide her with greater detail regarding the differences that exist between S3263, the inter-service proposal and the Air Force position in this latter regard. Thank you for the opportunity to comment on this important legislation.

Sincerely,

LEW ALLEN, Jr.,
General, USAF, Chief of Staff.

DEPARTMENT OF THE ARMY,
OFFICE OF THE ASSISTANT SECRETARY,
Washington, D.C., January 19, 1981.

Hon. ALAN CRANSTON,
U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: I am pleased to respond to your request for comments and suggestions on S. 3263, the proposed "All-Volunteer Force Educational Assistance Program Act of 1980." Your proposal contains features that clearly meet Army needs, such as cost-free educational assistance to Service personnel and the provision to transfer unused educational benefits to eligible dependents.

Other features I offer for your consideration include eligibility based on an honorable discharge, reduced-rate benefits for service in the Reserve Components, a higher monthly entitlement and the capability for Service Secretaries to supplement the entitlement. Increasing the entitlement will assist in better meeting current educational costs and permit the Services to compete with other federally funded educational programs. Supplementing it selectively will enable us to better address critical recruiting and retention problems. The Army must have the supplementation authority to gain the necessary flexibility for the enlistment of personnel into difficult-to-fill skill positions and also creates a new recruiting market for college bound youth for the combat arms. Your Bill requires a minimum of 36 months military service. The Army needs a 24 month enlistment option with benefits earned at the same monthly rate.

I am enclosing a chart comparing the features of your proposal and those desired by the Army. The chart also contains changes in the Army position in an effort to gain unanimity among the Services as well as the rationale for the features we desire. Hopefully, provisions such as these in a Bill will go far in resolving many of our recruiting and retention problems. If there is any other information you desire regarding my views, please do not hesitate to call me.

Sincerely,

WILLIAM D. CLARK,
Deputy Assistant Secretary of the Army
(Manpower and Reserve Affairs).

COMPARISON OF ARMY EDUCATION INCENTIVE PROPOSAL WITH CRANSTON BILL (S. 3263)

Basic Army proposal	Revised Army position (to obtain service unanimity)	Cranston Bill	Rationale for Army position versus Cranston Bill (S. 3263)
Features:			
1. Noncontributory; all personnel; in-service use after 1 yr.	Concur with proviso for transfer from chapters 32 (Vietnam era bill) and 34 (VEAP) for in-service personnel with service obligation.	Noncontributory to all personnel (2-tier prog. concept); 1—basic assistance; 2—supplemental assistance.	Acceptable, if basic is higher.
2. Administered and funded by VA; basic benefit funded by VA.	Same	Basic VA funded, VA administered; supplemental DOD funded, VA administered.	Acceptable.
3. Earning rate of 1½ mo. per month; total of 36 mo.	1 mo. benefit/1 mo. service 36 mo	1 mo. basic benefit for 1 mo. service—36 mo.; 1 mo. supplement benefit for each month beyond 36 mo.	Acceptable, except for needed provision for 2-yr. enlistee to earn benefits and return to selected Reserve and help fill large Reserve component needs/shortfall.
4. Monthly entitlement of $400 for full time use	3 yr. ($300 mo.); 6 yr. ($600 mo.)	Basic—$250 per mo., $9,000 maximum (3 yr.), supplemental—$375 per mo., $13,500 maximum (6 yr.); Both—possible for 6 yr. service $625 per month, $22,500.	Basic entitlement is too low to be an incentive to attract HS diploma graduate college-oriented youth who are necessary to man the force, primarily in combat arms MOS's. The entitlement must be sufficient to compete with other federally funded programs that do not have any national service obligation.
5. Service can supplement stipend to aid recruiting and retention.	Same	No provision	Army must have this flexible option to selectively solve recruiting and retention problems.
6. Transfer unused benefits to dependents (transfer point established by service section.).	Transfer after 10 yr. service while on active duty or after retirement.	After 12 yr. of service	Transfer point should be flexible, but not earlier than at 10-yr. point. This feature is a retention incentive and would assist in solving the Army's retention problem at the mid-career level.
7. Option to establish contributory education fund for dependents.	Withdrawn	No provision	N/A.
8. Reserves entitled to one-half AD benefit fund for dependents.	Same with part-time use provision	Only through supplemental program after 36 mo. of active duty.	Benefit necessary to address severe reserve component personnel shortages.
9. Benefits to be used within 10 yr. from separation	do	10 yr. from separation	Do.
10. Honorable discharge after completion of service	do	Honorable or general discharge	An incentive as a reward for honorable service to reduce attrition of 1st-term enlistees.

Mr. President, today I join with my colleague from California (Mr. CRANSTON) in sponsoring The All-Volunteer Educational Assistance Act of 1981. This measure will provide for the establishment of a new educational assistance program for veterans of military service. The purpose of this bill is to increase the recruitment of qualified men and women into the armed services and to help in the retention of skilled and experienced military personnel by offering a new GI educational assistance program upon completion of a specified period of honorable military service.

As a member of the Senate Armed Services Committee, I have supported the concept of the All-Volunteer Military Force. However, I am very much concerned about the critical manpower problems facing the Nation's Armed Forces. The shortage of mid-level skilled personnel is seriously effecting this Nation's ability to meet its military commitment around the world. The Congress, in the last session, reaffirmed that commitment in providing for a major increase in military compensation, special pay incentives for skilled military personnel and other improved benefits for members of the armed services.

I believe this legislation will enhance significantly the attractiveness of military service for qualified young men and women. In addition, a new educational assistance program, as proposed by my distinguished colleague from California, would provide specific incentives that would encourage service members to extend their enlistment period by an additional 3 years.

Senator Cranston, as former chairman of the Senate Veterans Affairs Committee, has considerable expertise, experience and an understanding of the complexities of Veterans Administration educational program. That experience is reflected clearly in the thoughtfulness and quality work embodied this bill. Senator Cranston, as a strong advocate of the American veteran, has shown considerable insight into the military manpower problems facing the defense establishment.

Mr. President, I am aware there are several measures that have been introduced which provide for a new GI education assistance program for military veterans. I am convinced there is a need for this Congress to enact a measure that is equitable and will meet the prescribed goal of improving the quality of our military force structure. In my judgment, this legislation meets that criteria and I urge all Members to support it.

II

97TH CONGRESS
1ST SESSION

S. 742

To amend title 38, United States Code, to provide expanded opportunities for individuals to earn educational assistance benefits based on honorable active service in the Armed Forces, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 19 (legislative day, FEBRUARY 16), 1981

Mr. COHEN introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to provide expanded opportunities for individuals to earn educational assistance benefits based on honorable active service in the Armed Forces, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Education and Training Program Act of 1981".

TITLE I—EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE ARMED FORCES

SEC. 101. (a) Title 38, United States Code, is amended by inserting at the beginning of part III the following new chapters:

"CHAPTER 29—ARMED FORCES EARNED EDUCATIONAL ASSISTANCE PROGRAM

"Sec.

"1401. Purpose.
"1402. Definitions.
"1403. Eligibility and entitlement.
"1404. Duration; limitations.
"1405. Applicability of certain provisions of title 38.
"1406. Reporting requirements.
"1407. Budget function.

"§ 1401. Purpose

"The purpose of this chapter is to provide educational benefits provided as an inducement to honorable service by persons enlisting in the Armed Forces and to foster retention in both the regular and reserve components of the Armed Forces. The program is designed to provide benefits to both the Armed Forces and the individual volunteer.

"§ 1402. Definitions

"In this chapter:

"(1) 'Eligible member' means any person who--

"(A) enlists or reenlists in the Armed Forces on or after the date of the enactment of this chapter;

"(B) serves on active duty in fulfillment of such enlistment or reenlistment and is discharged or released therefrom by honorable discharge; or

"(C) enlists or reenlists for service under the provisions of section 511(d) of title 10 for a period of not less than six years.

"(2) 'Active duty' does not include any period during which a person—

"(A) is assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians; or

"(B) serves as a cadet or midshipman at one of the service academies.

"§ 1403. Eligibility and entitlement

"(a) Each eligible member (as defined in section 1402(1) (A) or (B) of this title) who enlists or reenlists for the first time in the Armed Forces after the date of the enactment of this chapter for a period of two or more years is entitled to educational assistance under this chapter as follows:

"(1) At the end of the first twenty-four months of active duty, the eligible member is entitled to eighteen months of educational assistance (or the equivalent thereof in part-time educational assistance).

"(2) For active duty performed during a third twelve-month period of active duty, the eligible member is entitled to one-half month of educational assistance (or the equivalent thereof in part-time educational assistance) for each month of active duty.

"(3) For active duty performed during a fourth twelve-month period of active duty, the eligible member is entitled to one month of educational assistance (or the equivalent thereof in part-time educational assistance) for each month of active duty.

"(b) Each eligible member (as defined in section 1402(1)(C) of this title) who enlists or reenlists in the Armed Forces after the date of the enactment of this chapter for a period of six years, is entitled to nine months of educational assistance (or equivalent thereof in part-time educational assistance) upon completion of two years of active duty. Such member may acquire additional educational assistance benefits at the rate of one month of educational assistance for each three months of additional active duty. For the purposes of this paragraph, such service must be qualified as required in section 1332 of title 10.

"(c) An eligible member may become entitled to a maximum of thirty-six months of educational assistance under this chapter (or the equivalent thereof in part-time educational assistance).

"(d) Educational assistance may not be afforded under this chapter to any member who fails to complete the first two years of such enlistment or reenlistment under honorable conditions.

"(e) Except as otherwise provided in this chapter, the Administrator shall pay to each eligible member who is pursuing a program of education under this chapter an educational assistance allowance in the same amount, for the same purpose, and under the same circumstances as would be paid if such member were pursuing a program of education under chapter 34 of this title.

"§ 1404. Duration, limitations

"(a) Educational assistance may not be afforded an eligible member under this chapter beyond the date ten years after such person's last discharge or release from active duty.

"(b) Members who have established basic eligibility under subsection (a) or (b) of section 1403 of this title may be allowed benefits under section 1403(e) of this title while continuing to serve in fulfillment of any enlistment.

"§ 1405. Applicability of certain provisions of this title

"The provisions of sections 1670, 1671, 1673, 1674, 1676, and 1686, and of chapter 36, of this title (except sections 1777, 1780(c), and 1787) shall be applicable to the educational assistance provided under this chapter.

"§ 1406. Reporting requirements

"(a) The Administrator and the Secretary of Defense shall, within ninety days after the date of the enactment of this chapter, submit to the Congress a joint report containing their respective plans for the implementation of this chapter.

"(b) The Secretary of Defense shall report to the Congress semiannually on the operation of the program provided for in this chapter. Such report shall include—

"(1) the number of original enlistments and the number of reenlistments during the preceding six-month period;

"(2) the rates of retention and attrition during such period; and

"(3) a comparison of the enlistment, reenlistment, retention, and attrition rates during such period with those for comparable periods in the preceding five years.

"§ 1407. Budget function

"Appropriations and expenditures made to carry out this chapter shall be considered for budget purposes as appropriations and expenditures made for functions of the Veterans' Administration.

"CHAPTER 30—CAREER MEMBERS' DEPENDENTS EDUCATIONAL ASSISTANCE PROGRAM

"SUBCHAPTER I—DEFINITIONS

"Sec.

"1421. Definitions.

"SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

"1431. Eligibility.
"1432. Contributions; matching fund.
"1433. Refunds of contributions upon disenrollment.
"1434. Death of participant.
"1435. Discharge or release under conditions which would bar the use of benefits.

"SUBCHAPTER III—ENTITLEMENT; DURATION

"1441. Entitlement.
"1442. Eligible dependents designation.
"1443. Duration; limitations.

"SUBCHAPTER IV—ADMINISTRATION

"1451. Requirements.
"1452. Reporting requirements.
"1453. Deposits; reports.
"1454. Budget function.

"SUBCHAPTER I—DEFINITIONS

"§ 1421. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible veteran' means any veteran who has served on active duty as an enlisted member for a period of more than six years and was discharged or released from such service with an honorable discharge.

"(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of an individual who has completed six years of active duty.

"(C) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The term 'program of education' shall have the same meaning as the meaning given such term in section 1652(b) of this title.

"(3) The term 'participant' means a person who is participating in the educational benefits program established under this chapter.

"(4) The term 'program' means the program established by this chapter.

"(5) The term 'Secretary' means the Secretary of Defense.

"SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

"§ 1431. Eligibility

"(a) Each eligible veteran who is serving on active duty and who has completed six years of active duty shall have the right to enroll in the educational benefits program provided by this chapter at any time during such veteran's service on active duty. When a veteran elects to enroll in the program, the person must participate for at least twelve consecutive months before disenrolling or suspending participation.

"(b) The requirement for twelve consecutive months of participation required by subsection (a) of this section shall not apply if (1) the participant suspends participation or disenrolls from the program because of personal hardship, as defined in regulations issued jointly by the Administrator and the Secretary of Defense, or (2) the participant is discharged or released from active duty.

"(c) A participant shall be permitted to suspend participation or disenroll from the program at the end of any twelve-consecutive-month period of participation. If participation is suspended, the participant shall be eligible to make additional contributions to the program under such terms and conditions as shall be prescribed by regulations issued jointly by the Administrator and the Secretary.

"(d) If a participant disenrolls from the program, the participant forfeits any entitlement to benefits under the program except as provided in subsection (e) of this section. A participant who disenrolls from the program is eligible for a refund of contributions as provided in section 1433 of this title.

"(e) A participant who has disenrolled may be permitted to reenroll in the program under such conditions as shall be prescribed jointly by the Administrator and the Secretary.

"§ 1432. Contributions; matching fund

"(a) Each eligible veteran electing to participate in the program shall agree to have a monthly deduction made from such person's military pay. Such monthly deduction shall be in any amount not less than $25 nor more than $100 except that the amount must be divisible by five. Any such amount contributed by the participant or contributed by the Secretary pursuant to subsection (c) of this section shall be deposited in a deposit fund account entitled the Career Member's Dependents Education Account (hereinafter in this chapter referred to as the 'fund') to be established in the Treasury of the United States. Contributions made by the participant shall be limited to a maximum of $6,000.

"(b) Except as otherwise provided in this chapter, each monthly contribution made by a participant under subsection (a) shall entitle the participant to matching funds from the Department of Defense at the rate of $2 for each $1 contributed by the participant. However, matching funds shall not be deposited on behalf of a participant who has not completed ten years of active duty.

"(c) The Secretary may contribute to the credit of any participant such amounts in addition to the matching funds contributed under subsection (b) of this section as the Secretary considers necessary or appropriate to encourage persons to remain in the Armed Forces. The Secretary may issue such regulations as the Secretary considers necessary to implement this subsection.

"§ 1433. Refunds of contributions upon disenrollment

"(a) Contributions made to the program by a participant may be refunded only after the participant has disenrolled from the program or as provided in section 1435 of this title.

"(b) If a participant disenrolls from the program before discharge or release from active duty, the participant's contributions shall be refunded on the date of the participant's discharge or release from active duty or within sixty days of receipt of notice by the Administrator of the participant's discharge or disenrollment, except that refunds may be made earlier in instances of hardship or other good reason as prescribed in regulations issued jointly by the Administrator and the Secretary.

"(c) If a participant disenrolls from the program after discharge or release from active duty, the participant's contributions shall be refunded within sixty days of receipt of an application for a refund from the participant.

"§ 1434. Death to participant

"In the event of a participant's death, the amount of such participant's unused contributions to the fund shall be paid to the living person or persons first listed below:

"(1) The beneficiary or beneficiaries designated by such participant under the participant's Servicemen's Group Life Insurance policy.

"(2) The surviving spouse of the participant.

"(3) The surviving child or children of the participant, in equal shares.

"(4) The surviving parent or parents of the participant, in equal shares.

If there is no such person living, such amount shall be paid to the participant's estate.

"§ 1435. Discharge or release under conditions which would bar the use of benefits

"If a participant in the program is discharged or released from active duty under other than honorable conditions or before completing ten years on active duty, the participant is automatically disenrolled from the program and any contribution made by the participant shall be refunded to the participant on the date of the participant's discharge or release from active duty or within sixty days from receipt of notice by the Administrator of such discharge or release, whichever is later.

"SUBCHAPTER III—ENTITLEMENT; DURATION

"§ 1441. Entitlement

"(a)(1) An eligible dependent is entitled to a maximum of thirty-six monthly benefit payments (or their equivalent in part-time benefit payments).

"(2) The amount of the monthly payment to which an eligible dependent is entitled is determined by (A) adding all contributions made to the fund by the eligible veteran, (B) multiplying the sum by three, (C) adding all supplemental contributions made to the credit of such person by the Secretary, and (D) dividing the sum by the lesser of thirty-six or the number of months in which contributions were made by the veteran.

"(b) Payment of benefits under this chapter may be made only for periods of time during which an eligible dependent is actually enrolled in and pursuing an approved program of education.

"(c) Payment of benefits under this chapter may be made while a participant is serving on active duty after the eligible veteran has participated in the program for at least twenty-four months and has completed at least ten years of active duty.

"§ 1442. Eligible dependents; designation

"(a) An eligible veteran may transfer any educational benefits of such veteran under this chapter to such veterans' spouse or children after the veteran has completed ten years of active duty. Any transfer under this subsection may be revoked at any time by the veteran.

"(b) If a participant dies and before death had not elected to transfer such participant's entitlement under this chapter to such participant's spouse or children, any unused entitlement of such participant shall be automatically transferred, subject to subsection (d) of this section, to such participant's surviving spouse or (if no surviving spouse) to such participant's surviving children. A surviving spouse to whom entitlement is transferred under this subsection may transfer such entitlement to the surviving children of the participant whose service established such entitlement.

"(c) Any transfer of entitlement under this subsection shall be made in accordance with regulations prescribed by the Secretary.

"(d) Entitlement of a participant may not be transferred to any person under subsection (a) of this section upon the death of the participant if the participant has notified the Secretary in writing that the participant does not wish the entitlement to be transferred in the event of the death of the participant.

"(e) Notwithstanding any other provision of this chapter, assistance may not be paid under this chapter to a person divorced from the veteran on whose service the person's entitlement is based.

"§ 1443. Duration; limitations

"(a) Educational assistance benefits may not be afforded to a spouse or child to whom benefits have been transferred by an eligible veteran beyond the date of ten years after the date of the veteran's last discharge or release from active duty or beyond ten years after the date of the transfer of such benefits, whichever is later.

"(b) In the event that an eligible spouse or child to whom benefits have been transferred has not utilized any or all of such veteran's entitlement by the end of the ten-year period, such veteran is automatically disenrolled from the program and any contributions made by such veteran remaining in the fund shall be refunded to the veteran following notice to the veteran and an application by the veteran for such refund. If no application is received within one year from date of notice, it shall be presumed for the purposes of subsection (a) of section 20 of the Permanent Appropriations Repeal Act, 1934 (31 U.S.C. 725s), that the individual's whereabouts are unknown and the funds shall be transferred as directed in the last proviso of that subsection.

“SUBCHAPTER IV—ADMINISTRATION

“§ 1451. Requirements

“The provisions of sections 1670, 1671, 1673, 1674, 1676, 1677, 1681(c), 1683, and 1696 of this title and the provisions of chapter 36 of this title (with the exception of sections 1777, 1780(c), and 1787) shall be applicable to the program.

“§ 1452. Reporting requirements

“The Administrator and the Secretary shall, within ninety days after the date of the enactment of this chapter, submit to the Committees on Veterans’ Affairs of the Senate and House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program during the preceding year. The first such annual report shall be submitted fifteen months after the date of the enactment of this section.

“§ 1453. Deposits; reports

“(a) Deductions made by the Department of Defense from the military pay of any participant shall be promptly transferred to the administrator for deposit in the fund. The Secretary shall also submit to the Administrator a report each month showing the name, service number, and amount of the deduction made from the military pay of each initial enrollee, any contribution made by the Secretary under section 1432(c) of this title, and any change in each participant's enrollment or contribution. The report shall also include any additional information the Administrator and the Secretary consider necessary for the administration of the program.

"(b) The Administrator shall maintain accounts showing contributions made to the fund by individual participants and by the Secretary as well as disbursements made from the fund in the form of benefits.

"§ 1454. Budget function

"Appropriations and expenditures made to carry out this chapter shall be considered for budget purposes as appropriations and expenditures made for functions of the Department of Defense.".

(b) The tables of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting before the item relating to chapter 31 the following new items:

"29. Peacetime Veterans' Educational Assistance Program.
"30. Career Members' Dependents Educational Assistance Program.".

SEC. 102. Chapter 32 of title 38, United States Code, relating to the post-Vietnam era veterans' educational assistance program, is amended by adding at the end thereof the following new section:

"§ 1644. Termination of program

"No person who enlists in the Armed Forces after December 31, 1981, and who is eligible to earn educational assistance entitlement under chapter 29 of this title is eligible to participate in the program provided for in this chapter after such date, and no person who entered the active military, naval, or air service before such date is eligible to participate in such program after such person's first discharge or release from active duty after December 31, 1981. The preceding sentence shall not be construed to deny benefit payments under this chapter to any eligible veteran who was a participant before the applicable termination date specified in the preceding sentence.".

Sec. 103. Clause (4) of section 1795 of title 38, United States code, relating to limitation on period of assistance under two or more programs, is amended by inserting "29," after "chapters".

TITLE II—EDUCATIONAL LEAVE OF ABSENCES FOR MEMBERS OF THE ARMED FORCES

Sec. 201. (a) Chapter 40 of title 10, United States Code, relating to leave, is amended by adding at the end thereof the following new section:

"§ 706. Educational leave of absence

"(a) Under such regulations as the Secretary of Defense may prescribe and subject to subsection (b), the Secretary concerned may grant to any eligible member (as defined in subsection (e)) a leave of absence from the member's military duties for the purposes of permitting the member to pursue a program of education for a period not exceeding twelve months.

"(b)(1) A member may not be granted a leave of absence under this section unless the member agrees in writing to extend his active duty service obligation for a period of two months for each month of leave of absence granted.

"(2) A member may not be granted a leave of absence under this section until he has completed any active duty obligation incurred by reason of any previous leave of absence granted under this section.

"(c)(1) A member may not be paid basic pay or any special or incentive pay to which he would otherwise be entitled for any period during which he is on a leave of absence granted under this section, but the member may be paid basic allowance for quarters or basic allowance for subsistence, or both, for any such period.

"(2) A period during which a member is on a leave of absence under this section shall be counted for the purposes of computing the amount of the member's basic pay and for the purpose of determining such member's eligibility for retired pay. Such period may not be counted as time in grade for promotion purposes.

"(d)(1) In time of war, or a national emergency declared by the President or the Congress after the date of the enactment of this section, the Secretary concerned may cancel the leave of absence granted to any member under this section. However, the Secretary concerned shall permit, whenever practicable, a member whose leave of absence has been canceled under this subsection to complete such leave of absence after the termination of the war or national emergency.

"(2) The Secretary concerned may cancel a leave of absence granted to any member under this section if he determines that the member is not satisfactorily pursuing the program of education for which the leave was granted.

"(e) In this section, 'eligible member' means an enlisted member of the Armed Forces who has completed at least one term of enlistment and has reenlisted in the Armed Forces.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"706. Educational leave of absence.".

SEC. 202. Section 269 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(h)(1) Except as provided in paragraph (2) and under such regulations as the Secretary concerned may prescribe, any person who, on or after the date of the enactment of this subsection, enlists for the first time in the Armed Forces may, at the discretion of the Secretary concerned, be released from active duty, placed in the Selected Reserve, and required to serve in such Selected Reserve for a period which, when added to the period of active duty served under such enlistment, equals four years. Upon completion of the term for which such person is required to serve in the Selected Reserve, such person shall, upon request, be transferred to the Ready Reserve and serve as a member thereof for such period as may be required by law or regulation. Any such person who serves on active duty under such enlistment for a period of four or more years shall, upon release, be placed in the Ready Reserve and serve as a member thereof for such period, if any, as may be required by law or regulation.

"(2) Notwithstanding any other provision of this section, any person who, on or after the date of enactment of this section, reenlists in the Armed Forces for the first time and such reenlistment is for a period of two years or more may, at the discretion of the Secretary concerned, be released or discharged and, if such person has not completed the required reserve obligation, be placed in the Ready Reserve and serve in such Ready Reserve for such period as may be necessary to complete his or her service obligation.".

SEC. 203. The amendments made by this Act shall take effect on October 1, 1981.

97TH CONGRESS
1ST SESSION

S. 899

To provide a noncontributory educational program for veterans and members of the Armed Forces of the United States in order to recognize satisfactory and honorable service, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 7 (legislative day, FEBRUARY 16), 1981

Mr. HOLLINGS introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To provide a noncontributory educational program for veterans and members of the Armed Forces of the United States in order to recognize satisfactory and honorable service, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part III of title 38, United States Code, is amended by inserting immediately after chapter 43 of such title a new chapter as follows:

"CHAPTER 44—VETERANS' EDUCATIONAL ASSISTANCE FOR MILITARY SERVICE

"Sec.

"2050. Purpose.
"2051. Definitions.
"2052. Eligibility; entitlement.
"2053. Subsistence allowance.
"2054. Transferability of educational benefits.
"2055. Program requirements.
"2056. Program expansion.
"2057. Duration of entitlement.
"2058. Prohibition against participation in two programs.

"§ 2050. Purpose

"It is the purpose of this chapter to provide a meaningful benefit to persons who faithfully and honorably serve in the military service of the United States and also to encourage and assist the self-improvement of such persons by supplementing costs of education through periodic payments to such persons who participate in approved programs of education.

"§ 2051. Definitions

"For the purposes of this chapter—

"(a) The term 'eligible person' means any person who—

"(1) entered, reenlisted in, or whose active duty tour was extended in the Armed Forces after September 30, 1981, and who after such date—

"(A) serves two years on active duty and agrees to serve two years in the Selected Reserve of the Ready Reserve of an armed force and two years in the Individual Ready Reserve of an armed force,

"(B) serves three years on active duty and agrees to serve two years in the Selected Reserve of the Ready Reserve of an armed force and one year in the Individual Ready Reserve of an armed force,

"(C) serves four years on active duty and agrees to serve two years in the Selected Reserve of the Ready Reserve of an armed force, or

"(D) serves six years on active duty; and

"(2) is either—

"(A) discharged with an honorable discharge or, if not discharged, released with a certificate indicating an honorable release,

"(B) reenlisted for another tour of active duty,

"(C) continued on active duty beyond an initial obligated tour of duty, or

"(D) released from active duty for further service in a reserve component of the Armed Forces after honorable service on active duty.

Such term also means—

"(i) any person who entered the Armed Forces after September 30, 1981, who is serving on active duty, and who has satisfactorily completed at least one year of active duty since such date,

"(ii) any veteran who entered military service after September 30, 1981, and was discharged or released from active duty after such date for a service-connected disability, or

"(iii) any person who entered the Armed Forces before October 1, 1981, and who is serving on active duty on such date if such person continues to serve on active duty after such date and agrees to meet the requirements prescribed in subclause (A), (B), (C), or (D) of clause (1) of this subsection and has served on active duty after such date for one year or longer.

"(b) For purposes of subsection (a) of this section and section 2052 of this title, the term 'active duty' does not include any period during which an individual (1) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, or (2) served as a cadet or midshipman at one of the service academies.

"§ 2052. Eligibility; entitlement

"(a) Subject to the provisions of subsection (c) of this section, each eligible person shall be entitled to educational assistance under this chapter for a period of one and one-half months (or the equivalent thereof in part-time educational assistance) for each month such person serves on active duty, not to exceed a total of thirty-six months.

"(b) Subject to the provisions of subsection (c) of this section, each eligible person shall be entitled to educational assistance under this chapter for a period of one month (or the equivalent thereof in part-time educational assistance) for each month of satisfactory service in the Selected Reserve of the Ready Reserve of an armed force.

"(c) No person may earn more than thirty-six months of educational assistance under this chapter.

"§ 2053. Subsistence allowance

"(a) An eligible person who is enrolled in and pursuing an approved program of education at an approved educational institution is entitled to receive a monthly subsistence allowance as provided in subsection (b) of this section.

"(b) The amount of the monthly subsistence allowance paid to an eligible person pursuing a program of education on a full-time basis shall be—

"(1) $400 for each month of entitlement earned by virtue of active duty service; and

"(2) $200 for each month of entitlement earned by virtue of service in the Selected Reserve of the Ready Reserve of an armed force.

"(c) An eligible person who enrolls in and pursues an approved program of education or an approved educational institution on less than a full-time basis shall be paid a monthly subsistence allowance for each month such person satisfactorily pursues such program of education in an amount, as computed by the Administrator, that represents a percentage of the maximum monthly subsistence allowance otherwise payable to such person for pursuit of a program of education on a full-time basis determined by dividing the number of credit hours or courses actually taken in the academic term on a part-time basis by the number of credit hours or courses needed in such term to be considered a full-time program of education.

"§ 2054. Transferability of educational benefits

"(a) Under such regulations as the Secretary of Defense may prescribe, an eligible person may transfer any benefits of such person under this chapter or under chapter 32 or 34 of this title that have not been used by such person (and which have not expired) to the child of such person.

"(b) If an eligible person dies before making an election authorized by subsection (a) of this section but has never made an election not to transfer such entitlement, any unused entitlement of such person shall be automatically transferred to such person's surviving children.

"§ 2055. Program requirements

"The provisions of sections 1670, 1671, 1673, 1674, 1677, 1681(c), and 1683 of this title and the provisions of subchapter I of chapter 36 of this title shall be applicable to the educational assistance program provided under this chapter, except that term 'eligible veteran' in such sections shall be deemed to include, for purposes of this chapter, persons eligible for educational assistance authorized under the provisions of this chapter.

"§ 2056. Program expansion

"(a) The Administrator may, upon certification by the Secretary of Defense that an expansion of the educational benefits authorized by this chapter is required for purposes of recruiting and retaining qualified persons in a selected category within an armed force, expand the educational benefits authorized by this chapter. The method of expanding the education benefits authorized and the additional benefits afforded by such an expansion shall be determined jointly by the Administrator and the Secretary of Defense. Additional costs as a result of such an expansion of benefits shall be paid for out of appropriations made to the Department of Defense.

"(b) Any expansion of benefits exercised under the authority of this section shall be reported by the Administrator to the Congress within one hundred and eighty days after the effective date of such an expansion of benefits.

"§ 2057. Duration of entitlement

"(a) Except as provided in subsection (b) of this section, the entitlement of any person to educational assistance under this chapter expires at the end of the ten-year period beginning on the date of the completion of such person's military obligation referred to in section 2051(a)(1) of this title or at the end of a ten-year period beginning on the date of the retirement or discharge or other separation from active duty of the person upon whose service such entitlement is based, whichever is later. In the case of a person who dies while on active duty and whose entitlement is transferred to a dependent, such entitlement expires at the end of the ten-year period beginning on the date of such member's death.

"(b)(1) In the case of any person who was prevented from initiating or completing such person's chosen program of education within such time period because of physical or mental disability which was not the result of such person's own willful misconduct, such person shall, upon application, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines, from the evidence, that such person was prevented from initiating or completing such program of education.

"(2) In the case of any person who has been prevented, as determined by the Administrator, from completing a program of education under this chapter within the period prescribed by subsection (a) of this section, because such person had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, the correction of the military records of the proper service department under section 1552 of title 10, or other corrective action by competent authority, then the ten-year delimiting period shall run from the date the person's discharge or dismissal was changed, corrected, or modified.

"(3) In the case of any person who became eligible for educational assistance under the provisions of this chapter, and who, subsequent to such person's last discharge or release from active duty was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing such person's ten-year period of eligibility for educational assistance, any period during which such person was so detained and any period immediately following such person's release from such detention during which such person was hospitalized at a military, civilian, or Veterans' Administration medical facility.

"§ 2058. Prohibition against participation in two programs

"No person may earn entitlement to educational assistance under this chapter for any period of active duty for which such person earns entitlement under chapter 32 of this title.".

(b) The tables of chapters at the beginning of part III are amended by inserting after the item relating to chapter 43 the following new item:

"44. Veterans' Educational Assistance for Military Service........ 2050.".

SEC. 2. Section 1662(e) of title 38, United States Code, is repealed.

SEC. 3. Section 1795(4) of title 38, United States Code, is amended by striking out "and 36" and inserting in lieu thereof "36, or 44".

SEC. 4. This Act shall take effect on October 1, 1981.

Chairman SIMPSON. With that, I will recognize our fine Senator Jennings Randolph from West Virginia, a very fine contributing member of this Committee and a person who has been most helpful to me as a new member of the Committee just 2½ years into my journey.

Senator RANDOLPH. Thank you very much, Mr. Chairman. Without pleasantry but with truth I wish to say that it has been a privilege for me to work side by side with Alan Simpson. I had that joy—I will use this word advisedly—of working with his father who was a member of the Senate of the United States at an earlier date. His father also served as the Governor of Wyoming. These cherished memories with the father and now with the son are very real to me.

I was a member of the House of Representatives in 1944. At that time I was active in the discussion and debate and the consideration, and hopefully the understanding, of the drafting of the original GI bill.

That seems a long time ago and sometimes I think of it as a very, very long time ago. I take just this further moment, Alan, to say that I shall never forget the evening of 1941 when we were to vote on the extension of the Selective Service Act and the vote, without taking too much time, was finally 203 for the draft and 202 against it.

I recall very vividly that morning remembering the speeches of those of us that spoke during the discussion of the legislation, that we would support the vote. We were given the label that we in some way were warmongers. I shall never forget the several speeches that indicated that there was absolutely no nation on Earth that would even think of attacking the United States of America. That was on the evening of August 12. And then December 7 came, and we were struck by sea and air, as some of you, particularly veterans, will recall.

So as we come to this important series of hearings, I have not aligned myself by signature on any of the bills. That does not indicate my lack of genuine interest and concern. I will join actively in the preparation, Mr. Chairman, that you and other members of this Committee and the Senate, hopefully the House, in drafting that type of legislation which will at least in part prepare us for very difficult times ahead in reference to the veteran population of the United States.

I am gratified for the privilege of being present at the opening of this consideration of these many and varied suggestions.

Chairman SIMPSON. Thank you very much, Jennings, for your brief opening remarks.

Senator Bob Kasten, from Wisconsin, a new and remarkably efficient, contributing member of the committee.

Senator KASTEN. Mr. Chairman, thank you. During the next 2 days we are going to be focusing our attention on the needs of armed services personnel and future veterans, with a thorough discussion of an educational assistance program similar to the old GI bill.

It is my concern, Mr. Chairman and members of the committee, that our discussion of the educational assistance program be directed toward both the recruitment and also the retention of quality personnel for our All-Volunteer Force.

Therefore, incentives aimed at these goals should not only adhere to manpower requirements but should also increase the quality level of the armed services and especially the kinds of people and the kinds of specialties that we are able to attain in our service personnel.

I believe that, as the committee reviews the many proposals that have been submitted, we should develop a bill which will include these kinds of essential provisions. Moreover, any educational package should be designed as an integral part of an overall effort to guarantee the success of the All-Volunteer Force.

There is a growing concern, Mr. Chairman, that many of today's potential recruits regard service in the All-Volunteer Force as a degrading occupation. Our efforts, in the formulation of an educational benefits package, as well as in designing other incentives, should assist in reversing this perception. They should promote a system of military service that provides positive career experiences with opportunities for growth.

Mr. Chairman, I believe it is important that we strongly consider the testimony presented before the committee. I believe without question a GI bill, while upgrading our armed services personnel, would also increase public respect for the service by recruiting and retaining quality people into the ranks of the military.

I thank and commend the chairman for his interest and for holding these important hearings. In fact, I am optimistic that our committee will draft a fair but generous piece of legislation which will address ourselves to these very significant concerns. Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you very much, Senator Kasten.

Now we will proceed. I believe Bill Armstrong, our good colleague from Colorado and Senator from Colorado, has taken a tremendous interest in this issue and also serves most capably in guiding us through some very important economic issues before the Senate. Bill, please proceed.

TESTIMONY OF HON. WILLIAM L. ARMSTRONG, A U.S. SENATOR FROM THE STATE OF COLORADO

Senator ARMSTRONG. Mr. Chairman and members of the committee, I am very grateful to you not only for the opportunity to appear before the committee today, but especially for the interest and leadership which this committee is showing in considering GI bill legislation.

I am personally convinced that, not only is a new GI bill a natural and logical followon to the military pay and compensation legislation which we have already considered, but it is the single most effective piece of legislation that we can enact to make the volunteer service work and to encourage the quality of recruits that the services so obviously need.

Mr. Chairman, it would be my thought that I would simply submit for the record the full text of my written statement and summarize it so that I may emphasize some matters that are perhaps of greatest interest to me and I would trust to the committee as well.

Chairman SIMPSON. Without objection, that would be most appreciated.

Senator ARMSTRONG. Well, just to put it in perspective, Mr. Chairman and my colleagues, I believe that we made a serious mistake at the time we returned to the historic concept of an all-volunteer service 8 years ago, not in the decision to reinstate the volunteer service, but in our understanding and perception of what motivates people to serve in uniform in the military service. Too many of the people who were in charge of that effort seemed to view serving in the military as just a job like any other job and emphasized, to an inordinate degree, economic incentives; that is to say, pay.

Now everybody, I think, in this room—certainly, all members of the committee—are aware of my own interest in seeing to it that soldiers and sailors and airmen are well paid. In fact, I think they have been paid at a disgracefully low level and I think it is a shocking thing that we have permitted their pay to fall so far behind inflation.

But at the same time it is obvious to me that marketplace incentives are not sufficient as an overall inducement for military service and that market incentives—that is to say pay and pay alone—have their greatest attraction to the individuals who are least qualified for the rigors of military life.

Therefore, because of this misplaced emphasis, we have developed in the services, whether fairly or unfairly, the reputation that life in the Army or life in the Navy, or whatever it is, is the place of last resort for people who are unable to obtain satisfactory employment elsewhere. In my judgment, what we need to foster as a nation and as a Congress is a renewed emphasis on military service as a patriotic obligation, as a fulfilling life experience in itself. If we are able to do that, it seems to me that an important component of that change of emphasis is a new GI bill which would convince people in and out of uniform that military service is not a place for the losers of the world but a good place for the winners of the world to get their start on the ladder up.

Mr. Chairman, several objections have been raised to a GI bill. One of them is that it would just be too expensive. I want to address that concern head on. In fact, in my remarks today I am going to focus primarily on the objections that have been raised because I think the case for a GI bill, in terms of what it will do for recruiting and in terms of the investment in the lives of the young people affected, has been made so well that I would like to come directly to what I conceive to be the main point of opposition.

The interest that you have already cited by Members of Congress and by others outside the Congress is evidence. In fact, I have brought with me this morning, and would be happy to share with the committee, editorials from newspapers all over the country—the Chicago Tribune, the Philadelphia Inquirer, the San Diego Union, and many, many others—who are not directly involved in the process but are knowledgeable observers, people who, from the viewpoint of the college campus, have endorsed this principle. So I don't think we need a lot of emphasis this morning—at least in my remarks—on why a GI bill would be desirable.

What I would like to meet head on are some of the objections that have been raised. The first is the cost. Far from costing too much money, in my judgment a properly drafted GI bill would initially and for several years actually save us money, possibly as much as $2 billion in the first 3 fiscal years following enactment.

The GI bill has three inherent advantages over our present reliance on ever-enlarged enlistment or recruitment bonuses.

The first is deferral of cost. Now that is not a saving as such. But the bonuses and recruit pay obviously have to be paid up front before the service is rendered. Whereas, by the very nature of a GI bill, the outlays which would result would be postponed until after the recruit has completed his service obligation.

Obviously cost deferral is not an unmixed blessing as anyone who has a credit card can vouch for. But particularly at this moment when we are trying to fit our overall budget into a target path that will lead to a balance by no later than 1984, it does seem to me that when we haven't a chance to achieve significant benefits now that would really not be paid for for 3, 4, 5, 6 years into the future, that cost deferral is a very worthwhile idea.

Second, the GI bill has the advantage of the surety of performance. We end up paying only if the person recruited into service actually fulfills his end of the bargain.

That is not the case in the present system. Many recruits to whom we are now paying large enlistment bonuses end up spending their money for downpayments on a sports car and then do not go ahead to finish their term of obligated service. That puts us in the position of trying to figure out how to recoup an investment which is essentially unrecoupable.

With the GI bill, by contrast, no financial obligation is incurred by the Government until after the service has been honorably performed following the completion of the entire term for the recruit's enlistment.

I think we need to view this in the context of the increasingly serious problem of attrition. More and more servicemen, particularly in the Army, are being administratively discharged prior to the completion of their term of obligated service. The General Accounting Office estimates that each serviceman who attrites costs the taxpayer $12,000. Army data, supported by that from other services, indicate that high school dropouts attrite at twice the rate of high school graduates and that college eligible high school graduates and I stress that is exactly the kind of young men and women who would be the most attracted by the GI bill—attrite at only a fraction of the rate for high school graduates as a whole, yet the estimated per capita cost of providing a 4-year GI bill under the terms of the legislation which I have sponsored is only about $10,000.

Now, the bottom line financially is this: Each time we replace a potential attritee with a GI bill motivated volunteer, we are actually saving the taxpayer money as well as making a very worthwhile investment in the lives of these young people.

The Armed Forces would also realize additional savings as a result of drawing a larger proportion of their enlisted force from among college eligible high school graduates. Training costs I believe would drop since intelligent people are obviously easier to train than those of below average aptitude.

Statistics indicate that high school graduates are far less likely to present disciplinary problems than are dropouts and college eligible high school graduates are more likely, far more likely, to be single than are high school dropouts, thus reducing the expenditures for maintenance of the dependents of junior enlisted personnel. It is very hard to quantify these numbers. But I will invite the attention of the committee to the work of Dr. Charles Moskos of Northwestern University, a distinguished military sociologist who, in my judgment, has done the most extensive and really the best qualified work in this area.

It is his estimate that these countervailing savings which I have described, his estimate, coupled with some reduction in enlistment bonuses and recruiting costs, could total more than $750 million a year.

The estimates for the stabilized annual outlays for a GI bill, by contrast, range from $750 million to $1.5 billion a year, depending upon the level of benefits provided, the length of service required for vesting of benefits and the assumptions made about the proportion of entitlement which will actually be utilized.

The point is this, Mr. Chairman and members of the committee: The net outlays for the GI bill, once it reaches its ultimate stabilized cost, would range therefore from zero, after taking into account the countervailing savings, to $750 million a year.

This amount, while not an inconsequential figure, is about one-sixth of what we are already spending on the Department of Education loan and grant programs for higher education which some have aptly characterized as the GI bill without the GI. The countervailing reduction would begin immediately. The cost of the GI bill would not begin for 3 years—actually, 2 years, beginning in the third year—and would not reach the maximum for 6 years. So the point which I want to make about the cost is that it could be a net zero cost; at most it would be only a fraction, and a small fraction of present education expenditures; and whatever cost there is is deferred well into the future.

Mr. Chairman, you have before you a number of GI bill proposals. Each of them has attractive features. I would like to take just a moment to acknowledge that the bill which I have introduced, S. 25, the GI bill of 1981, is cosponsored by two members of this committee, and I am most grateful for their interest and sponsorship, and in all by 21 of our colleagues in the Senate.

I know that you will be looking judiciously and carefully at the merits of all of the different proposals, and properly so. I would like to take just a moment to explain not so much why I believe that the bill which I have proposed with my colleagues is the best bill, although I do think it is the best, but in general terms what a good GI bill ought to contain.

First of all, I think it must be simple and clear. What we are talking about is a recruitment incentive, something that we can take out to high-school-age young people and explain simply so it cannot be a complicated matter if it is going to work.

Second, it must be an entitlement. The reason for this is that there is a growing, and I think reasonably well justified, cynicism about promises made by Congress. So I think we have got to spell this out in terms of entitlement rather than a program which will be subject to a later decision or annual appropriation, because otherwise we wouldn't have the certainty among potential recruits that they would actually get their end of the bargain. In view of the way we have treated service personnel over the last 5 or 6 years, this is not an unreasonable concern.

Third, it seems to me that a successful GI bill program must provide an early vest of a substantial entitlement. We are talking about people who are 18, 19, and 20 years old. So to suggest that in order to earn the benefit—whatever it is—they have to stay in 4, 5, or 6 years is just too long. To a person of that age that is such a long period of time that it is just too high a hurdle for them to get over.

Finally, Mr. Chairman, I would like to address one provision which I think would be unacceptable in a GI bill and it is a provision which is contained in some of the other proposals. I recognize the reason why others have put this provision in their bill. I would just like to explain why I, personally, think it is a poor idea. I refer of course to the provision for transferability. In my opinion, a freely transferable bill would be enormously expensive. It is estimated that such a provision would double the cost of a new GI bill.

There are more than 346,000 servicemen on active duty with 12 or more years of service. Virtually all of them have a spouse and one or more sons or daughters who would use the GI bill entitlement if it were freely available.

In addition there are approximately 80,000 servicemen in each year group who are at the 10-year point, about the same number—interestingly, about the same number of GI bill motivated volunteers that we could expect to enlist each year.

So if we adopt, as some of the bills do, this notion of transferability, we would end up very quickly expending more funds for GI bill benefits for people who were not GI's—that is the sons and daughters, the dependents of GI's—than we would actually be expending to recruit new people into the stream of service personnel.

I conceive that the first and foremost function of the GI bill is to bring increased numbers of very high quality, college bound, upward mobile people into the system. So in my opinion that expenditure is simply not justified and is way out of proportion to the benefit which would be realized. Now, some might argue that such a provision would aid retention, and I would not disagree with that. I only think that as a retention device it is unnecessarily expensive and that retention is better addressed by the kind of targeted pay increases for middle and upper NCO and officer grades that we have already considered.

I also note that a freely transferable GI bill entitlement would by its very nature be weighted disproportionately in favor of officers, which I think is not justified because our most critical retention problem is actually among NCO's.

It makes a great deal of sense for a career enlisted soldier to use his GI bill entitlement himself especially if supplemented with the benefits provided in other titles of the legislation which I have introduced.

But, for the most part, officers already have their bachelor's degrees. Many of them earn one or more advance degrees in the course of their military careers. So for them a freely transferable entitlement is really all gravy.

I would also mention that a freely transferable entitlement, such as suggested by some of the bills which are pending before the committee, could create a serious bookkeeping problem for the Veterans' Administration or the Defense Department or whoever had to keep track of the paperwork of how much of an entitlement each service member was authorized to transfer and to whom and at what time and when it expires and so on.

Finally, the concept of a freely transferable entitlement undermines what I believe ought to be the main principle of the GI bill of 1981. What we ought to be saying to the young people of the country, Mr. Chairman and members of the committee, is that we will make it possible for a young man or woman capable of doing the work to obtain a college education. The bargain that we are seeking to make with them is serve your country in the uniform of your country and in return we are going to make a really generous college program available to you that is an attractive alternative for many young people to working their way through college.

Mr. Chairman, I could go on at length, but I have covered the ground I particularly wanted to draw to the attention of the committee. I just want to again encourage your efforts. You are addressing, in my opinion, a matter that is just of the utmost significance for the future of the volunteer service and for our recruiting efforts. I commend you for doing it and urge you to, upon the completion of your hearings, mark up a bill and bring it to the Senate at an early date.

Chairman SIMPSON. Thank you very much, Bill. We appreciate your interest and it is very real. You indeed have done a great deal of research and review, and it is helpful for the committee to have that. Thank you very much.

Senator ARMSTRONG. It is a pleasure to be with you.

[The prepared statement of Hon. William L. Armstrong, a U.S. Senator from the State of Colorado, follows:]

PREPARED STATEMENT OF HON. WILLIAM L. ARMSTRONG, A U.S. SENATOR FROM THE STATE OF COLORADO

MR. CHAIRMAN:

Thank you for giving me this opportunity to appear before you today.

I am convinced that the legislation you are considering -- a new G.I. Bill of Rights for our servicemen and women -- is the natural and necessary complement to the increase in military pay and benefits we have already approved, and the single most effective, and cost-effective, step Congress can take this year to strengthen our national defense.

A properly drafted G.I. Bill almost certainly will bring into the Armed Forces an additional 50,000 -- 100,000 high quality young men and women each year, more than enough to offset the numerical shortfall in recuiting we've experienced in recent years, and to replace 15,000 -- 20,000 volunteers in the lowest mental category with volunteers of higher aptitude.

But the most important benefit from a new G.I. Bill may well be its psychic benefit.

A tragic mistake was made eight years ago when we returned to our historic tradition of a volunteer military in peacetime. Many of the architects of the All Volunteer Force were academics and economists who meant well, but who understood little about soldiers, and less about soldiering. They regarded service in the Armed Force as "a job like any other job," and believed the ranks could be filled by men and women responding to "marketplace incentives," chiefly cash up front.

But as you know and I know, Mr. Chairman, military service is not "a job like any other job." It is a job like no other job. "Marketplace incentives" are not sufficient inducement for military service, and have their greatest appeal to those individuals least qualified for the rigors of military life.

Because of this misplaced emphasis on "marketplace incentives," the Army has developed, fairly or unfairly, a reputation as a last resort for people who have nowhere else to go, a place where losers end up.

A renewed emphasis on military service as a patriotic obligation, and a fulfilling experience in itself, coupled with enactment of a new G.I. Bill could convince people in and out of uniform that military service is a very good place for winners to start.

You will be told by some that we can't afford a new G.I. Bill; that it would be too expensive.

But far from costing us money, a properly drafted G.I. Bill, at least initially, will save us money -- possibly as much as $2 billion in the first three fiscal years following enactment.

The G.I. Bill has three inherent financial advantages over our present misplaced reliance on ever larger enlistment bonuses and ever higher recruit pay:

The first of these is cost deferral. The bonuses and the recruit pay have to be provided up front, but outlays for the G.I. Bill would be postponed until after the recruit has completed his service obligation. Cost deferral is not an unmixed blessing. But cost deferral is an especially important tool at this time of fiscal crisis, when we need a little budgetary breathing room before our economic recovery measures begin to produce results.

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G.I. Bill testimony

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The second inherent financial advantage of the G.I. Bill is surety of performance. Many recruits to whom we are now paying large enlistment bonuses are spending their money for down payments on large sports cars, and then failing to complete their terms of obligated service. Unless we can figure out a way to put treads and cannon on those sports cars, we never will recover our lost investment. With the G.I. Bill, by contrast, no financial obligation is incurred until after a serviceman has been honorably discharged following completion of the entire term of his initial enlistment.

The third advantage is what I call the taxpayer bonus. Not every G.I. Bill-motivated volunteer will use his entitlement, and not every beneficiary who uses a portion of his entitlement will use 100 per cent of it. For the Viet Nam era G.I. Bill, for instance, only 66 per cent of those eligible used any portion of their benefits, and the average utilization of benefit was only 33 per cent of entitlement.

Added to these inherent advantages is the ability of a properly drafted G.I. Bill to produce countervailing savings in the Department of Defense. In fact, it is almost as expensive not to have a G.I. Bill as it is to have one.

Congress has become concerned about the increasingly serious problem of attrition. More and more servicemen, especially in the Army, are being administratively discharged prior to completion of their term of obligated service. The General Accounting Office estimates that each serviceman who attrites costs taxpayers $12,000.

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G.I. Bill testimony

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Army data, supported by that from other services, indicates that high school dropouts attrite at twice the rate of high school graduates, and that college-eligible high school graduates -- the kind who would be motivated to enlist as a result of enactment of a G.I. Bill -- attrite at only a fraction of the rate for high school graduates as a whole. Yet the estimated per capita cost of providing a four year G.I. Bill is only about $10,000. Thus, each time we replace a potential attritee with a G.I. Bill-motivated volunteer, we'd be saving the taxpayer money.

The Armed Forces would realize additional savings as a result of drawing a larger proportion of their enlisted force from among college-eligible high school graduates. Training costs would drop, since intelligent people are easier to train than those of below average aptitude; statistics indicate high school graduates are far less likely to present disciplinary problems than are dropouts, and college-eligible high school graduates are far more likely to be single than are high school dropouts, thus reducing what must be spent for the maintenance of dependents of junior enlisted personnel.

Dr. Charles Moskos of Northwestern University, the distinguished military sociologist who has done more, and better, work in this area than any other, estimates that these countervailing savings, coupled with some reduction in enlistment bonuses and recruiting costs, could total more than $750 million a year.

The estimates for the stabilized annual outlays for a G.I. Bill, by contrast, ranged from $750 million to $1.5 billion a year, depending on the level of benefits provided, the length of service required for vesting of benefits, and assumptions made about the proportion of entitlement actually utilized.

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This means that the net outlays for the G.I. Bill once it reaches its stabilized annual cost would range from zero to $750 million a year -- about one sixth of what we're now spending on the six Department of Education loan and grant programs for higher education.

But the G.I. Bill would not reach its stabilized annual cost for at least six years after enactment. There would be no cost at all for two years, because all potential beneficiaries would be in service earning their entitlement. Outlays would begin at about $200 million in the third fiscal year after enactment, and rise by something more than that amount each year for the next three years, until four classes of beneficiaries would be in college at the same time.

The countervailing reductions, on the other hand, would begin almost immediately. That means for at least five fiscal years, the savings resulting from enactment of a new G.I. Bill would be greater than the outlays for it, and it would take nine fiscal years before total outlays caught up with total savings.

In short, for the rest of this decade, the G.I. Bill will be saving us money as it strengthens our defenses. To argue against such a bill on the grounds that it would be too expensive is, in a word, preposterous.

You have before you a number of G.I. Bill proposals. Each of them has attractive features. The enactment of any one of them would be a great boon to the nation. I recommend S. 25, the G.I. Bill of 1981, which I have introduced along with 20 of our colleagues, two of whom sit on this Committee.

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G.I. Bill testimony

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I know the Committee will give careful and judicious consideration to the merits of each of these measures in devising the provisions of the G.I. Bill it recommends to the House. So, rather than speak on the merits of a particular bill, I would like briefly to discuss those features I believe are essential to an effective G.I. Bill.

First, the G.I. Bill of 1981 must be simple and clear. If it can't be explained to an 18-year-old in ten minutes, it isn't going to work.

Second, the new G.I. Bill must be an entitlement, not a measure subject to annual appropriation by Congress. It must be clear to our young men and women that if they fulfill their part of the bargain, the government will fulfill its part.

Third, the new G.I. Bill must provide for an early vest of a substantial entitlement. We mustn't forget that for a typical 18-year-old, four years or more is a lifetime. In order to be a successful recruiting incentive, the new G.I. Bill must provide volunteers with a meaningful benefit for enlistments of two and three years duration.

Finally, Mr. Chairman, there is one provision which I believe a successful G.I. Bill cannot afford to have. This is a provision that would provide for the transfer of the basic G.I. Bill entitlement from the servicemember who earns it to a dependent.

Transferability is a poor idea, for several reasons:

First, freely transferable entitlement would be enormously expensive. It could more than double the cost of a new G.I. Bill. There are more than 346,000 servicemen on active duty with 12 or more years of service.

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Virtually all of them have a spouse, son or daughter who would use the G.I. Bill entitlement if it were freely available. There are, moreoever, approximately 80,000 servicemen in each year group at the 10-year point...about the same number of G.I. Bill-motivated volunteers we could expect to enlist each year. With a freely transferable entitlement, we could easily find ourselves in a situation where we are spending more money to provide G.I. Bill benefits to those who have never served than to those who have honorably performed their service to their country.

Second, the cost of a freely transferable G.I. Bill entitlement would be out of proportion to any realized retention benefit. The transferability option has been proposed as a means of assisting retention, the most critical element of our military manpower problem. For a comparatively small, but significant number of our officers and ncos, the ability to educate their children is a critical retention factor. They like the service, and they would like to remain in uniform. But they're not earning enough money to provide for a college education for their son or daughter. So they leave the service for a higher paying job in the civilian world.

There is a serious problem here, Mr. Chairman, and I have proposed a cost-effective solution for it in Title II of my bill. But we must keep in mind that the officers and ncos for which this is a critical retention factor are but a small proportion of each year group. Yet if the benefit were freely transferable, virtually all of the eligibles would use it. We would have to pay four, five, six times as much for each of these servicemembers retained as we would for a contributory program targeted at this critical need.

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If we would take the money that a freely transferable entitlement would cost, and put it into more cost-effective retention devices, we would achieve a much greater retention benefit for each dollar spent.

Third, a freely transferable entitlement actually could harm retention. We all know this entitlement wouldn't be free to the taxpayer, or the Department of Defense. The money to pay for it would have to come from somewhere, probably from elsewhere in the military personnel account. It would have to come out of future military pay increases, or retirement benefits, or both. Reductions in these accounts could cause more of a retention loss than would be gained by having the transferable entitlement.

Fourth, a freely transferable G.I. Bill entitlement would be weighted disproportionately in favor of officers, when our most critical retention problem is among ncos. It makes a great deal of sense for a career enlisted soldier to use his G.I. Bill entitlement himself, especially if supplemented with the benefits provided for in Titles II and III of the Armstrong bill. But officers have their bachelor's degree, and many earn one or more advanced degrees in the course of their military careers. For them, a freely transferable entitlement is all gravy.

Fifth, a freely transferable entitlement could create a bookkeeping nightmare for the Veterans Administration, the Department of Defense, or both. The paperwork involved in keeping track of how much of an entitlement a servicemember is authorized to transfer from the time his right to transfer benefits vests until it is actually used would be immense.

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Sixth, and most important, the concept of a freely transferable entitlement undermines what ought to be the principle underlying the G.I. Bill of 1981. What we ought to be saying to the youth of our country, Mr Chairman, is that we'll make it possible for any young man or woman capable of doing the work to obtain a college education, but he or she must perform some service to the country in exchange for it. But it is very difficult to establish a general principle of education benefits in exchange for service if you have this big exception for the children of servicemen.

One of the great long-term advantages of the G.I. Bill is that it could be the first step toward establishment of a system of voluntary national service, a program of affirmative action based not on inherent characteristics such as race or sex, but one which distributes the rewards and honors of society on the basis of service performed -- whether in the military, in the Peace Corps, in VISTA, as candy stripers in hospitals or nursing homes, and in other areas where it is possible for young people to make a valuable contribution. Establishing a privileged class among G.I. Bill recipients -- the children of servicemen -- is a step away from this objective.

Finally, Mr. Chairman, the need for a transferability feature largely has been obviated by action the Armed Services Committee already has taken. The assumption behind tranferability is that without it, career servicemen will be unable to provide a college education for their children. At present pay scales, that is regrettably true. But after the substantial military pay increase this Committee already has approved is enacted, this no longer will be the case.

I could go on at greater length, but you have other witnesses from which to hear. I want to thank you again, Mr. Chairman, for giving me this opportunity to present my views. I stand ready to answer any questions that you or the other members of the committee may have.

Chairman **Simpson**. I believe that Congressman Edgar is here. I believe you had a bit of a time problem. If you would like to come forward at this time, and then I will immediately thereafter recognize Senator Cranston and Senator Mitchell for——

Senator **Randolph**. May we ask questions?

Chairman **Simpson**. Oh, indeed. Bill, Senator Randolph has some questions.

Senator **Randolph**. Not many but——

Chairman **Simpson**. I'm sorry, I apologize.

Senator **Randolph**. I thought that was what you were giving us the opportunity to do.

Chairman **Simpson**. I certainly will.

Senator **Randolph**. The statement, Senator Armstrong, that you have given is one that has clarity and certainly you have presented it in a persuasive manner for yourself and many members of the Senate. I will not ask questions in reference to your proposal. We will check all of those very carefully, as I have indicated at the beginning of this session.

But I do want to reflect for the record your feeling about the present situation that affects a possible draft. What do you feel about reinstituting the draft?

Senator **Armstrong**. Well, let me reflect on that in two ways. First, I would be very reluctant to authorize drafting of young people under the present circumstances. I would regard reinstatement of the draft as a last resort measure and would only personally approve it under dire circumstances.

Second, I think as a practical matter, reimposition of the draft, while it is becoming somewhat more popular at the present time, would be unlikely to enjoy widespread support over a period of time, since I conceive that the nature of the conflict that we are facing with the Soviet Union to be one which is likely to last for many, many years, perhaps for the rest of our lives and well beyond, unless it is settled by violence which of course we hope will not be the case.

So if that is true, if we are engaged in a struggle of very great duration, then by its very nature whatever manpower proposals we advance must be ones that will stand the test of time.

I, personally, doubt that for a prolonged period of time—for 10, 20, 30 years—that the public would support a program of conscription. So for that reason I am reluctant to agree to it.

But let me make this observation: I am really not here today to argue the point. I am convinced, myself, that whatever I may think of the draft, whatever anybody else may argue—and by the way, I do feel there are strong, legitimate arguments on both sides of the question--that in fact it is unlikely of adoption at the present time. But if I knew that we were going to do it—again, regardless of however I may feel—it seems to me that if we are going to reimpose a program of conscription it is all the more reason why we are well justified in enacting a very generous GI bill; because particularly if we are going to bring people into the service against their will and take a year or two of their lives against their will, certainly we ought to have some extra compensation for them.

So, whether as the incentive to assist us in a volunteer program or as a just compensation in the event of conscription, I think the GI bill is the centerpiece of a sound military personnel policy.

Senator **Randolph**. Mr. Chairman, I appreciate Senator Armstrong's returning to the witness table for a moment. I don't know what you would have done that evening that I have discussed if you were in the chamber when, in the House of Representatives, we had to make the decision on the draft.

Senator **Armstrong**. Senator, I would hope that in that circumstance, which I believe to be quite different from that that exists today, I only hope, and I have reflected often on that because I have heard you relate that episode before, I hope I would have had the wisdom to do the same thing that you did on that particular occasion. When that moment arrives in this history of our country again—and we all hope it never will—I would be hopeful that by one vote or however many it might be that we would be wise enough to take the same action again. I don't personally think that the circumstances are the same but——

Senator **Randolph**. Mr. Chairman, it is very helpful to have the counseling of Senator Armstrong on this matter because I keep this constantly on my mind. I look back at the time when our oldest son, Jay, volunteered. Aside from the fact that he was of our family, it was a tremendously worthwhile experience for him to be in the armed service of the United States. He really was one of those who came back better for it, rather than perhaps negative.

Senator **Armstrong**. I think many of us who have had the privilege of serving in uniform would relate the same. It was an experience that enriched our lives.

Senator **Randolph**. I thank you.

Chairman **Simpson**. Thank you very much, Jennings.

Are there any other questions of Senator Armstrong?

If not, thank you very much.

Senator **Armstrong**. Thank you. Thank you all.

Chairman **Simpson**. I have now been advised of Congressman Edgar's schedule. If I may at this time, prior to recognizing you, ask if we have any remarks from the ranking member of this committee, Senator Alan Cranston, and Senator Mitchell. Al, if you have any comments that would be appropriate at this time, and again I say what a pleasure it is to work with you on all matters affecting veterans' affairs, in every sense.

Senator **Cranston**. Thank you very much, Al. I do have some brief comments. I am delighted to join in welcoming all of our many very distinguished witnesses to this first day of Committee hearings on legislation to establish a new GI bill for the All-Volunteer Force.

As one who is deeply committed to the preservation of the all-volunteer military force, I believe this committee's work in this area is a vital part of our attempts to strengthen our Nation's defense and to provide for the military might that our national security requires.

During hearings I chaired last July 19 on the role of educational incentives and the All-Volunteer Force, much valuable background and strong justification was developed for legislation in this area.

The degree of interest in this issue and the extent to which my sentiments are shared in this regard are readily evidenced by the 10 proposals that have been made in the measures pending before the committee at this time—including the measure which, joined by Senators Matsunaga, DeConcini, Hart, Proxmire, and Riegle, I introduced on February 5—S. 417, the proposed "All-Volunteer Force Educational Assistance Amendments", and the one—S. 7—introduced by my esteemed colleague on this committee, Strom Thurmond, who also serves as the ranking majority member of the Armed Services Committee.

Last year the Congress took aggressive action to make the All-Volunteer Force more attractive both to potential recruits and to its current members. Major pay increases in across-the-board rates and in special pay for those with skills in acute short supply were enacted, and I think it is fair to say that they have helped.

However, the benefits and the compensation offered by the military must continually be reviewed and revised in order to continue the effectiveness of the All-Volunteer Force. An effective military compensation system requires more than just a periodic paycheck. And our system has always consisted of both pay and benefits, with educational benefits an historically vital and integral part of that system.

Today, I firmly believe, educational incentives have an equally significant role to play in increasing the numbers and quality of the people we attract to and retain in the armed forces and in helping to assure the success of the All-Volunteer Force.

I must frankly admit that I am a little disappointed by the administration's position that we adopt a "wait and see" attitude this year, pending the results of the 1-year test study that is currently being conducted under the so-called VEAP authority in chapter 32 of title 38. Last year, during the Senate's consideration of the authority for this test in the Defense Authorization Act, I expressed my concerns that 1 year is far too short a time in which to test effectively and evaluate fully the complex and controversial issues involved in this area, and to draw conclusions that will contribute to the development of an educational assistance program designed to attract and retain in the Armed Forces a high quality of men and women.

Thus, I believe that very little can be learned from this test and that the administration's hesitancy should not stop us from moving ahead diligently and carefully to devise an effective program to be implemented at the earliest opportunity.

As Robert Nimmo, the new Administrator of Veterans' Affairs, indicated at his confirmation 2 weeks ago, the question is not "is there a need for a new GI bill to enhance recruitment and retention in the All-Volunteer Force"; rather the question is "what are the elements that would make a GI bill effective in achieving our goals".

I believe we can and must begin to work together now to develop the most appropriate legislation—not later this year when the test is completed, or next year when VEAP expires, or further down the road when the final results of the test are known. We can and should proceed on the basis of the many proposals before us, developed with much thought and consultation within and outside the

Congress, giving the executive branch the discretion it needs to act on the basis of the study results once they are confirmed.

I continue to be committed to seeking prompt enactment of a new GI bill and I intend to work closely with all those involved. I believe it is vital in terms of our national security needs that the Congress take steps to assure those who are considering entry into the Army or the Navy or the Air Force that we are serious about efforts in this area and to assure those who are now in the service that we intend to match our rhetoric with our deeds.

The testimony we receive during the next 2 days will be vital to the committee's efforts in this area, and I look forward especially to chairing tomorrow's hearing.

Thank you very much.

Chairman SIMPSON. Thank you very much, Senator Cranston. Now, if I may recognize Senator Mitchell of Maine, a new member of this committee who has given it vigorous attention and a very brief remark. Thank you.

Senator MITCHELL. Thank you, Mr. Chairman. I am pleased to join you and the other members of the committee in welcoming the various witnesses here today.

Few question the need for a new veterans education program. Evaluations of the post-Vietnam era veterans educational assistance program indicate that it has not succeeded as a recruitment tool. It has not been successful in providing an incentive to attract the men and women needed to enhance the quality of our Armed Forces.

A well balanced program of educational assistance would significantly aid in recruitment and retention of qualified military personnel. This will undoubtedly strengthen our defense capabilities and insure the viability of the All-Volunteer Force.

I and other members of this committee have often stressed that the benefits we have provided our veterans are part of a compelling moral and legal obligation to the men and women who have served our Nation. The GI bill has long been considered an integral part of that obligation. I believe it was an error to end the GI bill in 1976. I look forward to working with the members of this committee to forge an effective, cost-efficient, new GI bill.

Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you very much, Senator Mitchell.

I would like to insert in the record at this point written statements by Senators Thurmond, Stafford, Inouye, and Hollings.

[The prepared statements of Hon. Strom Thurmond, a U.S. Senator from the State of South Carolina; Hon. Robert T. Stafford, a U.S. Senator from the State of Vermont; Hon. Daniel K. Inouye, a U.S. Senator from the State of Hawaii; and Hon. Earnest F. Hollings, a U.S. Senator from the State of South Carolina; follow:]

PREPARED STATEMENT OF HON. STROM THURMOND, A U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

MR. CHAIRMAN:

It is good to be here this morning and to welcome the distinguished list of witnesses who will address current problems in the area of veterans educational programs and the need for a "new" GI bill. Over the years I do not know of any program enacted by the Congress that has worked any better and that has been so good for our country and for those who served, as the GI bill educational program.

I note in the testimony that the GI bill has assisted over 17.6 million veterans since its inception in 1944. They used to say, and I do not know if the claim can be substantiated now, that for every tax dollar spent on GI bill benefits, a multiple of that amount was recouped by the Government from additional wages earned by the veteran recipient. Whether or not this remains true today, the GI bill continues to be one program of which the Congress can be proud. I am certainly proud to have had a hand in its formulation and implementation during my service here in the Senate, and more recently, as a member of the Veterans' Affairs Committee.

As a Senior Republican member of the Armed Services Committee, I am very aware of the problems that our military is experiencing in the area of recruitment and retention of quality personnel. I will not go into that issue at this time but I must say that it is of great concern to me and, I am sure, all those who advocate a strong national defense. This Committee and the Armed Services Committee must work together on the issue of incentives for quality personnel. If it is determined that a "new" GI bill is needed, then I believe we must move forward. We can not afford to wait.

Mr. Chairman, during the 96th Congress I introduced S. 2977, the "Veterans' and Servicemembers" Education Assistance Act of 1980". No action was taken on this legislation; therefore, on the first day of this Congress I introduced S. 7, the "Veterans' and Servicemembers' Education Benefits Act of 1981". I am pleased that it is scheduled for consideration at these GI bill hearings. I believe S. 7 is very meritorious and would like to list several of its important features.

First, an educational assistance allowance of $400 per month up to a maximum of 36 months is provided for a full-time student.

Second, a minimum of 2 years active-duty service is required or 4 years service in the Selected Reserve before any benefits accrue.

Third, a transfer of entitlement to dependents after 8 years of active-duty service is available.

Fourth, participants have 10 years after discharge to complete their educational program. This is consistent with current law.

Fifth, the December 31, 1989 deadline for certain "old" GI bill recipients is extended for 4 years under S. 7.

Mr. Chairman, we have a long list of witnesses today and I look forward to their testimony.

PREPARED STATEMENT OF HON. ROBERT T. STAFFORD, A U.S. SENATOR FROM THE STATE OF VERMONT

MR. CHAIRMAN:

I join in welcoming to our Senate Committee on Veterans' Affairs the many distinguished guests of the Committee here to asist us in our consideration of veterans' and servicemembers' educational programs and the ten related bills assigned to the Committee. It is apparent that considerable interest in a new GI bill exists.

For many years I have believed in and strongly supported an All-Volunteer Armed Force. We do, however, continue to hear of the need to reinforce our Armed Forces by increasing and improving the quality of military recruits, of providing incentives to recruit and retain personnel in our Armed Forces.

The Congress acted last year providing pay increases for the military -- both across-the-board increases and special pay increases for those with skills in short supply. More is needed. Educational incentives certainly can assist in the important matter of recruitment and retention of needed personnel.

A number of concepts have been proposed. It is the challenge for this Committee with assistance of the Armed Forces Committees of the Congress to carefully study all aspects of the problems, the cost and likely results of a new GI bill of educational assistance. We do greatly appreciate the assistance of the several witnesses appearing before our Committee today and tomorrow.

PREPARED STATEMENT OF HON. DANIEL K. INOUYE, A U.S. SENATOR FROM THE STATE OF HAWAII

Mr. Chairman:

I am extremely pleased that your Committee is today considering various legislative proposals to enhance the educational assistance opportunities for our nation's veterans. In my judgment, it is very much in our national interest to ensure that those veterans who are willing to seek additional educational experiences are actively encouraged to do so. An adult returning to school may not be doing so solely in his or her own individual interest; it is instead very much in society's interest that we have an educated populace. I personally have tremendous respect for those adults who are willing to once again assume a student role after completing their service in the Armed Forces. Accordingly, I would urge your Committee to provide the Administrator of the Veterans Administration with the express authority to extend educational benefit eligibility whenever in his or her judgment, a veteran can demonstrate a "compelling reason" for not having completed an educational program within the delimited period otherwise applicable.

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Senate

THURSDAY, JANUARY 15, 1981

(Legislative day of Monday, January 5, 1981)

By Mr. INOUYE (for himself and MATSUNAGA):

S. 105. A bill to amend chapter 34 of title 38, United States Code, to authorize the Administrator of Veterans' Affaris to extend, under certain circumstances, the period within which a veteran must complete a program of education under such chapter; to the Committee on Veteran's Affairs.

EXTENSION OF EDUCATION BENEFITS

● Mr. INOUYE. Mr. President, today I am proposing legislation to authorize the Administrator of the Veterans' Administration to extend, upon a showing of compelling reasons, the period within which a veteran must use his or her educational benefits.

Our present laws entitle veterans, who are discharged after January 31, 1955, 10 years to complete their educational pursuits with the stipulation that this time limit does not go beyond December 31, 1989. An extension of this time limit is provided to those veterans who have been prevented from beginning or completing their chosen program of education because of a physical or mental disability, and not the result of willful misconduct.

Unfortunately, however, recently discharged veterans have been able to obtain only minimal assistance in their efforts to move upward toward their educational goals. Accordingly, with this amendment, I am seeking to give every opportunity possible to the members of the Armed Forces to lead productive and prosperous lives when they return home. I also feel that this amendment possesses the potential of enhancing our capability to recruit and retain members of the Armed Forces.

Mr. President, I request unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 105

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1662 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"EXTENSION OF DELIMITING PERIOD

"(f) Notwithstanding any other provision of this subsection, other than subsection (e), the Administrator is authorized to extend, for such period as the Administrator deems appropriate, the delimiting period applicable to any veteran when such veteran can demonstrate a compelling reason for such veteran's inability to complete such veteran's educational program within the delimiting period otherwise applicable. The Administrator shall issue regulations specifying the reasons for which extensions under this subsection will be granted.".●

PREPARED STATEMENT OF HON. ERNEST F. HOLLINGS, A U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, IT IS A PLEASURE TO APPEAR BEFORE YOU THIS MORNING ON BEHALF OF THE ENACTMENT OF THE G.I. BILL. I APPRECIATE YOUR PROVIDING ME WITH THIS OPPORTUNITY TO EXPRESS MY VIEWS ON THE SUBJECT OF PROVIDING CONTINUING EDUCATIONAL ASSISTANCE TO THOSE WHO HAVE HONORABLY SERVED THE UNITED STATES ARMED FORCES.

SINCE THE TERMINATION OF THE G.I. BILL IN DECEMBER OF 1976, THERE HAS BEEN EXTENDED DEBATE OVER WHETHER OR NOT THERE WAS A NEED FOR A NEW G.I. BILL. I THINK IT HAS NOW BECOME CLEAR THAT THE NEED EXISTS AND YOU GENTLEMEN ARE LEFT WITH THE TASK OF DETERMINING WHAT FORM SUCH LEGISLATION SHOULD TAKE.

YOU CURRENTLY HAVE BEFORE YOU AT LEAST TEN LEGISLATIVE PROPOSALS, AS WELL AS H.R. 1400, THE VETERANS' EDUCATION ASSISTANCE ACT OF 1981, REPORTED BY THE HOUSE VETERANS' AFFAIRS COMMITTEE. IT IS NOT MY PURPOSE TODAY TO TESTIFY IN FAVOR OF THE HOLLINGS' BILL AS BEING A DEFINITIVE ANSWER. IN MY VIEW, ALL OF THESE PROPOSALS HAVE MERIT, ALL HAVE POTENTIAL DIFFICULTIES. IT IS, OF COURSE, YOUR TASK TO MELD THESE VARIOUS PROPOSALS INTO A PIECE OF LEGISLATION THAT WILL PROVIDE; MAXIMUM RECRUITING AND RETENTION BENEFITS FOR THE SERVICES; A FAIR AND EQUITABLE EDUCATIONAL BENEFIT FOR THE VETERAN; AND, A FULL MEASURE OF VALUE FOR THE TAXPAYERS MONEY.

THE NUANCES OF THE VARIOUS PROVISIONS OF THE INDIVIDUAL BILLS ARE ALMOST ENDLESS AND HAVE BEEN THE SUBJECT OF MONTHS OF DISCUSSION. HOWEVER, IN MY VIEW, ANY BILL WHICH WILL ACCOMPLISH THE AFOREMENTIONED GOALS MUST CONTAIN, IN SOME FORM, THE FOLLOWING

MAJOR PROVISIONS. FIRST, WE MUST PROVIDE A SUBSTANTIAL ENOUGH BENEFIT TO ATTRACT A QUALITY INDIVIDUAL AND THAT BENEFIT MUST BE HIGH ENOUGH TO PROVIDE THE VETERAN AT LEAST A REASONABLE CHANCE OF BEING ABLE TO SUSTAIN HIMSELF WHILE OBTAINING A COLLEGE EDUCATION. SOME OF THE PROPOSALS BEFORE YOU PROVIDE BENEFITS WITH A SLIDING SCALE RANGING FROM $300 PER MONTH UP TO $600 PER MONTH. OTHER SUGGESTIONS ARE; A YEARLY CEILING OR MAXIMUM FOR TUITION AND FEES; A VARIABLE SCALE DEPENDING UPON THE NUMBER OF DEPENDENTS; OR A VARIABLE BENEFIT DEPENDING UPON THE TUITION CHARGED BY THE INSTITUTION SELECTED BY THE VETERAN.

MY BILL PROVIDES A MONTHLY SUBSISTANCE ALLOWANCE OF $400 A MONTH FOR EACH MONTH OF ENTITLEMENT EARNED ON ACTIVE DUTY. SOME OF THE PROPOSALS PROVIDE MORE, SOME OF THE PROPOSALS PROVIDE LESS. IN MY VIEW, THIS IS JUST ABOUT THE AMOUNT IT WILL TAKE TO GET THE JOB DONE.

ADDITIONALLY, I BELIEVE ANY G.I. BILL SHOULD ENCOURAGE RESERVE SERVICE. MY BILL ACCOMPLISHES THIS BY REQUIRING SIX YEARS OF SERVICE IN ONE OF THE FOLLOWING COMBINATIONS: TWO YEARS ACTIVE DUTY -- TWO YEARS IN THE STANDBY RESERVE -- AND TWO YEARS IN THE INDIVIDUAL READY RESERVE; THREE YEARS OF ACTIVE DUTY -- TWO YEARS IN THE STANDBY RESERVE -- AND ONE YEAR OF INDIVIDUAL READY RESERVE; FOUR YEARS OF ACTIVE DUTY -- TWO YEARS OF STANDBY RESERVE; OR, SIX YEARS OF ACTIVE DUTY.

AS WE ALL KNOW, MANPOWER SHORTAGES IN OUR RESERVE COMPONENTS HAVE REACHED EMERGENCY PROPORTIONS. UNDER THIS PLAN, IF WE WERE

ABLE TO ATTRACT 50,000 ACCESSIONS ANNUALLY, AFTER THE PROGRAM HAD BEEN IN EXISTANCE FOR SIX YEARS, WE WOULD HAVE ON ACTIVE DUTY, 100,000 COLLEGE EDUCABLE YOUNG MEN, ANOTHER 100,000 IN OUR STAND-BY RESERVE, AND ANOTHER 100,000 IN THE INDIVIDUAL READY RESERVE. THESE MEN WOULD PROVIDE THE CRITICAL NCO CADRE NEED FOR FULL MOBILIZATION IN TIME OF WAR.

MY BILL ALSO WOULD PROVIDE FOR A $200 A MONTH BENEFIT FOR EACH MONTH OF ENTITLEMENT EARNED WHILE IN THE RESERVES. OTHER BILLS OFFERED BY OTHER MEMBERS HAVE SIMILAR FEATURES.

A THIRD FEATURE, WHICH IN MY VIEW IS NECESSARY BUT WHICH PROVIDES US WITH THE GREATEST CHALLANGE IN TERMS OF WORKABILITY IS THE SO-CALLED TRANSFERABILITY FEATURE. IN A FEATURE OF THIS SORT, A VETERAN WHO HAD EARNED ENTITLEMENTS AND CHOOSES NOT TO USE THEM WOULD BE ABLE TO TRANSFER THIS ENTITLEMENT TO DEPENDENTS. THE DEFINITION OF DEPENDENT AND THE METHOD AND TIME OF TRANSFERABILITY POSES MANY QUESTIONS. SHOULD THE VETERAN BE ALLOWED TO TRANSFER HIS ELIGBILITY TO HIS SPOUSE? IF INDEED OFFICERS ARE COVERED BY THE BASIC G.I. BILL, THEN SHOULD A COLONEL -- WHO IN ALL PROBABILITY HAS NO NEED FOR HIS BENEFIT -- BE ALLOWED TO EDUCATE HIS CHILD WITH HIS G.I. BENEFITS, THEREFORE MAKING IT UNATTRACTIVE FOR THE OFFICER'S CHILD TO ENTER THE ARMED SERVICES IN ORDER TO ACCRUE BENEFITS ON HIS OWN? FOR HOW LONG SHOULD A VETERAN BE PERMITTED TO RETAIN THESE BENEFITS FOR THE PURPOSE OF TRANSFER?

THESE ARE DIFFICULT QUESTIONS AND YET THE BASIC IDEA IS A SIMPLE ONE. IT IS A PROVISION DESIGNED TO PROVIDE GREATER RETENTION OF OUR

SENIOR NCO'S WHO HAVING DECIDED TO SERVE A FULL TERM OF TWENTY YEARS OR MORE IN THE ARMY, FIND THEMSELVES FACED WITH THE PROBLEM OF EDUCATING THEIR CHILDREN. THE ABILITY TO TRANSFER THIS BENEFIT TO ONE OR MORE MINOR CHILDREN WOULD IN MANY INSTANCES PROVIDE THE IMPETUS NEEDED TO RETAIN THIS HIGHLY SKILLED AND VALUABLE NON-COMMISSIONED OFFICER.

THE LAST AREA I WOULD LIKE TO TOUCH ON IS TERM OF SERVICE. I BELIEVE MOST STRONGLY THAT ANY G.I. BILL MUST PROVIDE A TWO-YEAR ENLISTMENT OPTION. WHILE MANY YOUNG PEOPLE MAY CHOOSE TO SERVE LONGER THAN TWO YEARS, I BELIEVE REQUIRING THIS INDIVIDUAL TO INTERRUPT HIS EDUCATION FOR MORE THAN A TWO-YEAR PERIOD WILL PRODUCE DIMINISHING RETURNS IN TERMS OF THE NUMBER OF PEOPLE ATTRACTED TO THIS PROGRAM.

MR. CHAIRMAN, MANY BELIEVE THAT THE FAILURE OF THE ALL-VOLUNTEER FORCE HAS BEEN DUE IN PART TO THE ABSENCE OF A G.I. BILL. WHILE THAT IS NOT MY PERSONAL VIEW, I BELIEVE THE ENACTMENT OF THIS LEGISLATION WILL NOT ONLY ENHANCE THE ALL-VOLUNTEER FORCE, BUT IT IS CRITICAL IF WE ARE TO -- AS I ADVOCATE -- RETURN TO A DRAFT. IN MY VIEW, THE PROBLEMS OF THE ALL-VOLUNTEER FORCE ARE FAR GREATER THAN MERE NUMBERS. THE ISSUE IS NOT SIMPLY ONE OF MANPOWER. THE ISSUE IS HOW A FREE SOCIETY CHOOSES TO DEFEND THOSE FREEDOMS.

FOR THOSE WHO BELIEVE AS I DO, THAT THE ARMY'S RACIAL AND SOCIO-ECONOMIC COMPOSITION SHOULD AT LEAST APPROXIMATE THAT OF THE SOCIETY IT IS PLEDGED TO DEFEND, THERE IS BAD NEWS. FOR EXAMPLE, LAST YEAR BLACKS CONSTITUTED 28.9 PERCENT OF THE AMRY AND 33 PERCENT OF ALL ENLISTED GRADES -- ALTHOUGH BLACK AMERICANS MADE UP ONLY 11.7

PERCENT OF THIS COUNTRY'S POPULATION. IN ANY FUTURE WAR FOUGHT BY THE ALL-VOLUNTEER MILITARY, CASUALTIES AMONG BLACKS WOULD BE GROSSLY DISPROPORTIONATE TO THEIR SHARE OF THE POPULATION. AND, AS POINTED OUT BY THE WASHINGTON STAR, "A FREE SOCIETY DEFENDED BY ITS LEAST FREE IS A DANGEROUS CONTRADICTION."

IN FAIRNESS TO OURSELVES AS A PEOPLE, WE NEED THE DRAFT -- A UNIVSERSAL DRAFT. NOT THE KIND WITH ALL THE EXEMPTIONS THAT CAUSED SO MUCH BITTERNESS DURING VIETNAM -- BUT A DRAFT THAT WOULD REFLECT THE TRUE CHARACTER OF AMERICA'S GREATNESS. HORACE MANN, WRITING OF THE SUCCESS OF THE UNITED STATES, TOLD HOW WE CAME FROM MANY COUNTRIES WITH DIFFERENT LANGUAGES, DIFFERENT ETHNIC AND RELIGIOUS BACKGROUNDS. BUT LEARNING A COMMON LANGUAGE AND A CENTRAL IDEA THAT ALL MEN ARE CREATED EQUAL, WE BECAME ONE PEOPLE IMBUED WITH THE FAITH OF EQUAL OPPORTUNITY FOR ALL. I WOULD LIKE TO ADD "EQUAL RESPONSIBILITY FOR ALL."

DEFENSE IS EVERYBODY'S BUSINESS. IT IS EVERYBODY'S RESPONSIBILITY. EVEN IF WE HAD THE MONEY TO MAKE THE VOLUNTEER ARMY WORK, A PROFESSIONAL ARMY IS UN-AMERICAN. IT IS AN ANATHEMA TO A DEMOCRATIC REPUBLIC -- A GLARING CIVIL WRONG. NOT UNITL IT MAKES AN EQUAL CALL ON RICH AND POOR ALIKE, EDUCATED AND UNEDUCATED, WHITE AND BLACK, MEN AND WOMEN, WILL IT BE A TRUE REFLECTION OF US AS A PEOPLE.

BUT, IF WE ARE TO INSTITUTE SUCH A SYSTEM, IT SEEMS TO ME -- IN THE NAME OF EQUITY -- WE MUST REWARD THOSE WHO CHOOSE TO SERVE. AND GIVEN THE EXISTENCE OF A DRAFT OPERATING HAND-IN-HAND WITH A G.I. BILL, MANY WOULD OPT TO JOIN THE SERVICE OF THEIR CHOICE AND PLAN FOR THEIR FUTURE EDUCATION BY UTILIZING A RESPONSIVE AND RESPONSIBLE G.I. BILL.

Chairman Simpson. Now, if I might recognize, please, Congressman Edgar—Bob Edgar, a Member of the House of Representatives and chairman of the Subcommittee on Education, Training, and Employment of the Committee on Veterans' Affairs. I thank you for your patience, sir.

TESTIMONY OF CONGRESSMAN BOB EDGAR, A U.S. REPRESENTATIVE FROM THE STATE OF PENNSYLVANIA

Congressman Edgar. Thank you, Mr. Chairman. I appreciate the opportunity to testify before your committee today and would like to ask unanimous consent that my statement be made part of the record. I would like to talk to you about some of the key points in that statement.

Chairman Simpson. Without objection.

Congressman Edgar. Thank you, Mr. Chairman.

Under my subcommittee, the Education, Training, and Employment Subcommittee of the House Veterans' Affairs Committee, we held 6 days of hearings: 4 days in Washington, 2 days in the field. We had 200 witnesses come before our committee to look at the issue of a new GI bill for the All-Volunteer Force.

These 200 witnesses, particularly those military personnel in the field, gave us a unique opportunity to weigh the merits or demerits of having education used as a tool for recruitment as well as a component for retention of qualified people within our services.

The particular bill which we passed out of the full Veterans' Affairs Committee, and is now pending before our Armed Services Committee, H.R. 1400, is similar to Senator Cranston's legislation but different in some ways which I will describe in a moment. H.R. 1400 was overwhelmingly approved by the House Veterans' Affairs Committee. We have over 125 cosponsors in the House on the bill, including 25 members of the House Armed Services Committee.

The President of the United States expressing confidence in the all-volunteer system said recently at West Point, and I quote: "We need to reward military personnel on a scale commensurate with what we ask of them."

Many of our witnesses expressed a dissatisfaction with the declining quality of military life. Let me read for you a quote from General Meyer, who is the Army Chief of Staff. He testified before our committee as one of our first witnesses. I think this particular statement sums up what we heard time after time from all the uniformed service personnel at all levels who came before us, whether in Norfolk or Boston or before the committee in Washington.

Let me share this quote from General Meyer:

> I believe we need a new comprehensive soldiers education/benefit package. We need it to restore the attractiveness of Army educational opportunities. We need it to provide high school graduates with a strong incentive to enlist. And we need it to retain career soldiers such as the middle manager and noncommissioned officers who train and lead the force.
>
> We need it to provide qualified personnel to man and maintain new equipment and systems of the 1980's. We need it to provide a credible package of post-service educational benefits which will meet individual education aspirations.

I think that quote reflects the mood of what we learned from our set of hearings.

The CBO estimates that the Army will meet its quotas in the next 2 years but for fiscal years 1983 to 1986, it will not be able to meet its numerical objectives nor its quality standards.

The Navy, seeking to build a 600-ship fleet, will need over 47,000 more personnel in force by 1988. All of the services are short right now 104,000 skilled NCO's. What we spend on armaments must be balanced by expenditures or investments in personnel.

In the House recently, we passed a bill calling for $136 billion for next year for our defense system. It is estimated that we will spend over the next 5 years $1.5 trillion on our defense commitment. If we are buying MX missile systems, F-16 aircraft, M-1 tanks, we need qualified people to man those systems.

The next 3 years, I believe, are going to be crucial to maintain our All-Volunteer Force building on quality people who can man our defense systems.

Now let me take a moment to describe the five major sections of H.R. 1400. I might point out at the outset that these five provisions are different from H.R. 1400 as originally introduced and reflect what we heard in the field.

First, section 1 provides for a loan forgiveness provision. It says to a young man or a young woman:

> If you are presently in college, either in the first, second, third year or have graduated from college and have an outstanding debt that if you enter the all-volunteer service and spend 3 years, the Government will repay your loan up to $1,500 a year over that three-year period, or even beyond.

I don't think that the particulars of that first section are as important as the concept. The loan forgiveness provision was designed to attract a higher than high school level person within the all-volunteer service. It can be a recruitment tool for people out in the field to attract people who have outstanding debt.

The second provision is also a recruitment provision. After the first 3 years of service, you receive a benefit of $300 for 36 months of education.

One of the things we heard over and over again from our recruiters was:

> Make it simple. Make it understandable. Give us something that we can give to principals and teachers and counselors to talk with people who may be interested in coming within the service.

This $300 for 36 months is very similar to the amount given for the Vietnam-era GI bill, terminated in December of 1976. We too found that after the termination of the GI bill, there was a dip in recruitment. This basically puts back that particular provision.

The first two provisions, the loan forgiveness and the basic benefit of $300, are the recruitment provisions.

The third provision is the first of three retention incentives. You will see by the chart, after 6 years of service in the All-Volunteer Force, picking up the savings of not having to retrain people, encouraging them to reenlist, we would provide a benefit of $600 a month for 36 months of education.

The $600 a month more clearly and more accurately reflects the cost of education. We think it is a valuable benefit for those who give 6 years of active duty service to the U.S. government.

The fourth provision is the most controversial, and Senator Armstrong spoke about it earlier, but let me speak about it from our perspective in some detail. We provide that after 10 years of active duty service in the All-Volunteer Force and only if you stay within the All-Volunteer Forces, you are permitted to transfer your benefit to your spouse or to your children.

When we were out in the field, we discovered a number of things about GI education benefits. First, we discovered they ought to be considered a benefit and not thought of as a bonus such as pay bonuses. Second, we discovered that it ought to be offered across the board. In the original H.R. 1400, transferability was targeted to critical skills. We discovered that two individuals entering the service at the same time, one working outside climbing poles, fixing electrical wiring, another working inside on a computer tape, given the window in the original legislation of 8 to 12 years and only for critical skills, one of those individual military personnel could use the benefit, share it with his spouse or children, the other could not.

And we heard time and time again:

> If you are going to give the benefit of transferability or any of the benefits of the GI bill, it ought to be across the board, and it ought to be provided to everyone on an equal basis. It ought not to be used simply for critical skills.

But we found something very important. Middle level NCO's are now leaving the All-Volunteer Force in many cases to get a job in the private sector to get enough income to put their children through schools. Personnel at all levels said very strongly:

> Provide transferability, not at the 8th year but at the 10th year. Give it only if you stay within the service; that is, you can't transfer the benefit if you leave the service in the 11th or 12th year. You can only transfer it if you stay in.

We believe that that transferability provision will be the most exciting retention factor that this new GI bill can provide.

The final section of our legislation is an ability to take a leave of absence of up to 2 years from the all-volunteer service if you commit yourself to 4 additional years within the military. Again, we think that is a retention incentive.

So five sections: Loan forgiveness, basic benefit of $300, secondary benefit of $600 if you stay for 6 years, transferability across the board, and the question of the leave of absence.

Some are going to question the cost of this legislation. I am sure you will hear a number of people who will question whether or not we can afford this particular bill. I think Senator Armstrong was very articulate in talking about the savings.

He quoted Dr. Moscos. He quoted some accurate figures about the cost savings. Let me just share with you what we discovered from checking with the Congressional Budget Office. Total cost of this legislation, that which the VA pays and that which the Department of Defense pays in 1994 will be $1.4 billion. But in 1986, after the enactment of legislation, the total cost is less than a half a billion dollars, or $462 million.

When you consider that in 1986 we will be spending over $300 billion a year to buy the equipment, technical equipment, and materiel within the Defense Department. Less than one-half of $1 billion by 1986 I think is a reasonable figure.

Even in the out years of 1994, 1995, and 1996 when we kick in the universal transferability provision, the legislation hovering between $1 and $2 billion of cost in those out years, will be relatively cheap given the savings in training, given the fact that we won't lose some of the qualified people in the all-volunteer service, given the technical kinds of people that we will need within the military.

I have other things I would like to share on the legislation, but let me conclude by saying I think we need to make a new GI bill simple, realistic, practical and available, and permanent. We heard over and over again that people within the military are tired of being treated as some great sociological experiment.

We discovered that the test programs are ineffective and not working and that the VEAP program with its contributory aspects has not been successful. We feel very strongly and we have a great deal of support in the House that we need this recruitment and retention tool now.

I echo the comments of Senator Cranston that we ought to move quickly. We ought to confront the new administration. We ought to say:

> Mr. President, your support for the All-Volunteer Force is critical. Your interest in getting pay incentives targeting those pay incentives to critical skills is important. We also need a new GI bill providing a tool for recruiters to retain and recruit qualified people within the system.

Mr. Chairman, I want to thank you for letting me testify. We have 6 days of hearings that I hope your staff will review. I would just like to urge you to go out into the field. I know that budgets are tight. I know that it is difficult to take the time to go out and listen to the people in the field.

But I have to tell you that the 100 witnesses that we met in Norfolk and in Boston were the most helpful witnesses that we have had in any hearing before the Veterans' Affairs Committee in the 6½ years that I have served on that committee.

I think it is important for you to go and listen to the people who are going to benefit by this all-volunteer military new GI bill. We did it in informal settings. We did it in formal settings. I just can't overestimate the benefit that you will find in going out and talking to people who are now serving in the military or who have recently been recruited into the military as to the impact of this bill.

We shaped and designed our legislation as a result of what we heard in the field. It would be very important for this committee to take the time and the effort to go and listen to the people out there working day in and day out as members of our All-Volunteer Force. Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you very much, Congressman Edgar. Your counsel is well received, and we appreciate it.

[The prepared statement of Congressman Bob Edgar, a U.S. Representative form the State of Pennsylvania, follows:]

PREPARED STATEMENT OF CONGRESSMAN BOB EDGAR, A U.S. REPRESENTATIVE FROM THE STATE OF PENNSYLVANIA

I WANT TO THANK YOU, MR. CHAIRMAN, FOR YOUR INVITATION TO APPEAR BEFORE YOUR COMMITTEE TO PRESENT MY VIEWS ON H. R. 1400, "THE VETERANS' EDUCATIONAL ASSISTANCE ACT OF 1981." I GREATLY APPRECIATE YOUR INTEREST AND THAT OF THE RANKING MINORITY MEMBER OF THE COMMITTEE, SENATOR CRANSTON, IN SCHEDULING THESE HEARINGS ON THE CONCEPT OF A NEW EDUCATION PROGRAM FOR THE ALL VOLUNTEER FORCES.

H. R. 1400, THE LEGISLATION APPROVED BY THE HOUSE COMMITTEE ON VETERANS' AFFAIRS, HAS RECEIVED CONSIDERABLE ATTENTION ON CAPITOL HILL IN RECENT MONTHS. ONE HUNDRED THIRTY MEMBERS OF THE HOUSE, INCLUDING OVER HALF THE MEMBERS OF THE HOUSE ARMED SERVICES COMMITTEE, HAVE JOINED US IN COSPONSORING THE LEGISLATION.

AS YOU KNOW H. R. 1400, AS ORIGINALLY INTRODUCED, CAME UNDER THE JURISDICTION OF THE HOUSE VETERANS' AFFAIRS SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT. AS CHAIRMAN OF THAT SUBCOMMITTEE, IN CONJUNCTION WITH THE RANKING MINORITY MEMBER, THE HONORABLE MARGARET HECKLER, I SCHEDULED A SERIES OF SIX HEARINGS. OUR PURPOSE WAS TWOFOLD. FIRST, WE WANTED TO REVIEW THE PURPOSE AND EFFECTIVENESS OF PREVIOUS GI BILLS. SECOND, WE WANTED TO DRAW ON THAT EXPERIENCE IN SHAPING A NEW EDUCATION PROGRAM WHICH WOULD PROVIDE THE INCENTIVE TO IMPROVE THE QUALITY OF RECRUITING AND RETENTION RATES WITHIN THE ALL VOLUNTEER FORCE. AFTER HEARING TESTIMONY FROM NEARLY 200 WITNESSES IN WASHINGTON AND IN THE FIELD, I BELIEVE WE HAVE MET THOSE GOALS. I BELIEVE THE BILL BEFORE YOU TODAY IS A GOOD BILL, ONE THAT WILL APPEAL TO RECRUITERS, RECRUITS AND CAREER MILITARY PERSONNEL ALIKE.

WE LEARNED FROM OUR HEARINGS THAT THE G.I. BILL CONTINUES TO BE A VALUABLE READJUSTMENT BENEFIT FOR VETERANS WITH WARTIME SERVICE. APART FROM THAT FACT, WE ALSO DOCUMENTED THAT EDUCATION BENEFITS HAVE BEEN A POWERFUL INCENTIVE FOR A CROSS-SECTION OF AMERICANS TO JOIN THE MILITARY AND FOLLOW A MILITARY CAREER. WE WERE TOLD BY MEMBERS OF THE UNIFORMED SERVICES, AS WELL AS NOTED DEFENSE MANPOWER AND PERSONNEL EXPERTS, THAT WITH PROPER REDESIGN, A NEW GI BILL CAN AGAIN BE A VALUABLE INVESTMENT IN THE DEFENSE OF THE UNITED STATES.

THE CONGRESS HAS VOTED IN RECENT WEEKS, AT THE REQUEST OF THE PRESIDENT, THE GREATEST BUDGET REDUCTION IN RECENT HISTORY. AT THE SAME TIME IT HAS MIGHTILY INCREASED DEFENSE SPENDING. MANY DECISIONS WILL BE MADE IN THE MONTHS AHEAD ON HOW BEST TO UTILIZE THOSE FUNDS. CERTAINLY THERE WILL BE ARGUMENTS OVER WEAPONS SYSTEMS, TECHNOLOGY AND MILITARY HARDWARE. BUT NO MATTER HOW ADVANCED THE HARDWARE, THE EFFECTIVENESS OF OUR DEFENSE FORCE RESTS IN THE QUALITY OF THOSE WHO WILL MAN THOSE WEAPONS.

AS THE PRESIDENT SAID RECENTLY AT WEST POINT, "WEAPONRY ALONE DOES NOT MEAN SECURITY." QUOTING GENERAL GEORGE PATTON, HE SAID, "WARS MAY BE FOUGHT WITH WEAPONS, BUT THEY ARE WON BY MEN." AND, AS HE ADDED, WON BY WOMEN AS WELL. "IT IS THE SPIRIT OF THE MEN (AND WOMEN) WHO FOLLOW AND THE MEN (AND WOMEN) WHO LEAD THAT WILL GAIN THE VICTORY."

SALARY IMPROVEMENTS HAVE REVERSED, TO SOME DEGREE, THE SERIOUS DECLINE IN RECRUITS AND DETERIORATING RETENTION RATES FOR MID-CAREERISTS THAT WE NOTED DURING THE LAST HALF OF THE 1970's. HOWEVER, IT WAS VERY PLAIN FROM OUR HEARINGS THAT SALARY INCREASES AND BONUSES ALONE, WHILE HELPING CURE THE SHORT-TERM PROBLEM, COULD NOT BE TOTALLY EFFECTIVE IN DEVELOPING A COMPREHENSIVE BENEFIT PACKAGE FOR ALL VOLUNTEER SERVICE.

A PANEL OF TOP ARMY AND AIR FORCE RECRUITERS FROM ACROSS THE COUNTRY TOLD OUR SUBCOMMITTEE IN BOSTON THAT, INDEED, IN THE PAST FEW MONTHS, ENLISTMENTS ARE UP. WHILE AT FIRST GLANCE THEY WERE ENCOURAGED BY THESE NUMBERS, THESE SAME RECRUITERS WERE STILL CONCERNED ABOUT THE QUALITY OF THE RECRUITS THEY WERE SIGNING UP.

SAID ONE AIR FORCE RECRUITER: "INCREASES IN PAY AND BONUSES, COUPLED WITH TODAY'S INFLATION RATES HAVE ONLY MADE THE PRESENT MILITARY AN ALTERNATIVE TO UNEMPLOYMENT AND WELFARE."

"WE ARE TRYING TO GET A HIGH QUALITY MILITARY," SAID AN ARMY RECRUITER. "WE NEED TO BE GIVING POTENTIAL RECRUITS SOMETHING MORE SUBSTANTIAL."

OUR TESTIMONY SHOWED THAT RECRUITMENT INCENTIVES BASED SOLELY ON COMPENSATION WERE DIRECTED TOWARD A POOL OF RECRUITS SEEKING A WAY OUT OF HARD TIMES AND NOT A MEANINGFUL ROUTE INTO A QUALITY CAREER IN THE MILITARY. THE RESULT IS A FORM OF ECONOMIC CONSCRIPTION EVEN MORE INEQUITABLE THAN THE DRAFT.

ACCORDING TO THESE WITNESSES, EDUCATION INCENTIVES, AS CONTAINED IN H.R.1400, COULD EFFECTIVELY BALANCE THIS BENEFIT EQUATION.

MOST OF THE YOUNGER RECRUITS WE INTERVIEWED, OUT OF MORE THAN 100 SERVICE PERSONNEL, SAID THEY JOINED THE SERVICE TO: BETTER THEMSELVES; TO LEARN A SKILL; TO ACQUIRE A PROFESSION; AND TO GET AN EDUCATION. OF COURSE, THE MONEY WAS IMPORTANT TO THEM, BUT THE QUALITY TROOPS HAD THEIR EYE ON MORE LONG-TERM GOALS.

IN NORFOLK, VIRGINIA, WHEN GIVEN A THEORETICAL CHOICE BETWEEN A $5,000 REINLISTMENT BONUS NOW, OR $10,000 OF EDUCATION BENEFITS DOWN THE ROAD, THE MAJORITY OF WITNESSES FELT THE MONEY WOULD BE NICE, BUT THE PROMISE OF AN EDUCATION HAD MORE INTRINSIC VALUE.

CERTAINLY, AN AWAKENING SENSE OF PATRIOTISM THROUGHOUT THE COUNTRY IS PLAYING A PART AS WELL IN RAISING THE RECRUITMENT RATE. BUT AS THE PRESIDENT SAID, AGAIN AT WEST POINT, " OTHER THAN INSTILLING A NEW FEELING OF PATRIOTISM, THERE IS ANOTHER WAY OF REWARDING THOSE WHO SERVE IN THE MILITARY." EXPRESSING HIS FULL CONFIDENCE IN THE CONCEPT OF THE ALL VOLUNTEER FORCE, HE SAID: "WE NEED TO REWARD (MILITARY PERSONNEL) ON A SCALE COMMENSURATE WITH WHAT WE ASK OF THEM."

IN OTHER WORDS, PATRIOTISM CANNOT BE BOUGHT, BUT IT SHOULD BE REWARDED.

THE DRAWING POWER OF THE G.I. BILL WAS CLEARLY DEMONSTRATED IN THE CLOSING MONTHS OF 1976 WHEN RECRUITING OFFICES AROUND THE COUNTRY WERE SWAMPED WITH POTENTIAL ENLISTEES TRYING TO TAKE ADVANTAGE OF THE LAST DAYS OF ELIGIBILITY FOR THE VIETNAM ERA EDUCATION PROGRAM. FROM THAT POINT ON WE HAVE BEEN TRYING TO OPERATE AN ALL VOLUNTEER FORCE AND ENCOURAGE RECRUITMENT WITH EDUCATION BENEFITS FAR BELOW THOSE OFFERED TO MILITARY PERSONNEL UNDER DRAFT CONDITIONS. MANY OF OUR WITNESSES AGREED THAT THE DRASTIC REDUCTION IN THE QUALTIY AND QUANTITY OF RECRUITS FROM 1976 TO 1980 IS DIRECTLY ATTRIBUTABLE TO THAT LOSS IN EDUCATION BENEFITS. WHILE AT THE SAME TIME, BILLIONS OF DOLLARS WERE AUTHORIZED FOR FEDERAL EDUCATION

GRANTS TO STUDENTS WHO HAD NO OBLIGATION FOR NATIONAL SERVICE.

BOTH THE VETERANS ADMINISTRATION AND THE TROOPS IN THE FIELD HAVE CALLED THE CONTRIBUTORY "VETERANS EDUCATIONAL ASSISTANCE PROGRAM" (VEAP), WHICH REPLACED THE VIETNAM ERA G.I. BILL, AN ABISMAL FAILURE. PARTICIPATION RATES FOR TRAINING WITHIN THE VEAP PROGRAM HAVE CONSISTENTLY FALLEN BELOW PROJECTED LEVELS. OUT OF APPROXIMATELY 350,000 SERVICE PERSONNEL WHO HAVE PAID INTO THE PROGRAM SINCE 1976, NEARLY HALF, (157,000) HAVE EITHER STOPPED MAKING CONTRUBUTIONS (59,000) OR HAVE CASHED OUT OF THE PROGRAM ENTIRELY REQUESTING REFUNDS (98,000) ACCORDING TO THE VETERANS ADMINISTRATION.

ONE ARMY SPECIALIST STATED THE PROBLEM WITH VEAP QUITE CLEARLY AT OUR BOSTON HEARING.

"I'VE TALKED TO A LOT OF TROOPS IN MY UNIT (AND ASKED) HOW VEAP HELPED OR HINDERED THEM." HE SAID. "IF (THE YOUNG SOLDIER) HAS A CHOICE OF $50 for VEAP, OR $50 TO PAY THE UTILITY BILL, VEAP FALLS BY THE WAYSIDE."

FOR THIS MAN, AND FOR MANY OTHERS WE SPOKE WITH, VEAP WAS ONLY "MONEY OUT OF POCKET." IN ADDITION, THE SHORT-TERM SACRIFICE WAS NOT WORTH THE LONG-TERM BENEFIT IN TOTAL EDUCATION PURCHASING POWER. SUPPORTERS OF VEAP AND OTHER CONTRIBUTORY PROPOSALS HAVE SAID THAT SUCH PROGRAMS CAN WORK IF SALARIES AND BENEFITS ARE RAISED. HOWEVER, TO BE TRULY EFFECTIVE AND EQUITABLE, ANY CONTRIBUTORY PROGRAM WOULD HAVE TO RELY ON MAJOR ACROSS-THE-BOARD SALARY INCREASES FOR SERVICE PERSONNEL OF ALL RANKS. IN REALITY, THE PRESENT MILITARY INCREMENTAL SALARY SCALE AND THE PROPOSED TARGETED INCREASES FOR THE ALL VOLUNTEER FORCE WOULD ALWAYS DESCRIMINATE FOR EDUCATION BENEFITS IN FAVOR OF THE "HAVES" AGAINST THE "HAVE NOTS." SUCH A PROGRAM DOES, AND WOULD CONTINUE TO DESCRIMINATE AGAINST THE

YOUNG RECRUIT TRYING TO BUILD A FUTURE FOR HIMSELF AND HIS FAMILY WITHIN THE ALL VOLUNTEER FORCE.

THROUGH APRIL,1981 OUT OF THE ENTIRE ALL VOLUNTEER FORCE, ONLY 6,267 VEAP PARTICIPANTS HAVE ENTERED TRAINING. ALMOST ONE THOUSAND (984) OF THOSE INDIVIDUALS ARE CURRENTLY LISTED ON THE VA'S BOOKS AS "ACCOUNTS RECEIVABLE", OWING OUTSTANDING OVERPAYMENTS TO THE FEDERAL GOVERNMENT. THIS FACT ALONE DEMONSTRATES THE ADMINISTRATIVE DIFFICULTIES AND THE POTENTIAL ABUSE INHERENT IN THIS OR ANY OTHER CONTRIBUTORY PROGRAM.

WHILE THE VEAP PROGRAM PROVIDES NO RECRUITMENT INCENTIVE, THE 1989 TERMINATION DATE OF THE VIETNAM ERA G.I. BILL IS, ACCORDING TO OUR TESTIMONY, FORCING MANY EXPERIENCED MID-CAREER SERVICE PERSONNEL TO LEAVE THE SERVICE EARLY IN ORDER TO UTILIZE THAT BENEFIT. H.R. 1400 WOULD GRANDFATHER THEM INTO THE NEW PROGRAM.

FROM THE STANDPOINT OF EDUCATION BENEFITS THE ALL VOLUNTEER FORCE IS IN A VACUUM. I CAN APPLAUD THE RATIONALE USED BY THIS COMMITTEE LAST YEAR IN AUTHORIZING AN EXPANSION OF THE CURRENT TEST EDUCATION PROGRAMS. THE CURRENT MOVEMENT TO STEAR TOWARDS THE REINSTITUTION OF THE G.I. BILL STEMMED FROM THAT EFFORT. HOWEVER, I AM CONCERNED ABOUT BOTH THE EXPENSE AND THE MORALE PROBLEMS CAUSED BY OFFERING SUCH A WIDE VARIETY OF BENEFITS IN SO MANY DIFFERENT LOCATIONS THROUGHOUT THE COUNTRY. I BELIEVE WE HAVE ENOUGH INFORMATION, BASED ON OUR PAST AND CURRENT EXPERIENCE WITH THE G.I. BILL TO PROCEED WITH A SIMPLE STRAIGHTFORWARD EDUCATION PROGRAM NOW.

WE WERE IMPRESSED DURING OUR HEARINGS AND INTERVIEWS WITH SERVICE PERSONNEL WITH THE CONFIDENCE AND PRIDE THEY HELD IN THEIR SERVICE. HOWEVER, WE ALSO NOTED

A GROWING SENSE OF FRUSTRATION OVER A PERCEIVED DECLINE IN THE QUALITY OF MILITARY LIFE. IN MANY INSTANCES THIS DECLINE IN THE QUALITY OF LIFE FOR MILITARY PERSONNEL AND THEIR FAMILIES WAS NOT COMMENSURATE WITH THE DEMANDS PLACED UPON THEM BY THEIR SERVICE. FACED WITH THE ATTRACTIONS AND REWARDS OF CIVILIAN LIFE, INCLUDING EDUCATION BENEFITS FOR THEMSELVES AND THEIR FAMILIES, MANY OF THESE INDIVIDUALS HAD ALREADY CONSIDERED OR WERE PLANNING TO LEAVE THE SERVICE.

AS ONE NAVY PETTY OFFICER IN NORFOLK PUT IT: "WHEN YOU ARE CALLED OUT AT 2 AM IN THE MORNING, OR ARE ON-BOARD SHIP FOR SIX MONTHS AT A STRETCH, YOU CAN TAKE PRIDE IN YOUR WORK, BUT YOU WORRY ABOUT YOUR FAMILY. YOU WORRY ABOUT BEING AWAY FROM THEM; AND YOU WORRY ABOUT YOUR FUTURE AND THEIR'S ." HE WENT ON TO SAY, "BONUSES AND PAY INCREASES ARE NECESSARY IF YOU WANT TO KEEP BREAD ON THE TABLE, OR JUST TO KEEP YOUR HEAD ABOVE WATER. BUT THERE IS VERY LITTLE INCENTIVE IN JUST MAKING ENDS MEET."

IN BOSTON, A CAPTAIN IN THE SPECIAL FORCES, NOT WITHOUT A CERTAIN AMOUNT OF OUTRAGE, PRESENTED OUR SUBCOMMITTEE WITH A TWO PAGE LIST OF NCO'S IN HIS UNIT WHO WERE PLANNING ON LEAVING THE ARMY BY JUNE 1. HE SAID. "SPECIAL FORCES HAS THE REPUTATION OF BEING GOOD, AND ONE REASON IS STABILITY. THEY KNOW THEIR JOBS. BUT WHEN YOU START REPLACING PEOPLE EVERY TWO YEARS YOU LOSE THAT STABILITY."

ONLY ONE MONTH BEFORE, ARMY CHIEF OF STAFF GENERAL EDWARD C. MEYER MADE THE SAME STATEMENT BEFORE OUR SUBCOMMITTEE. HE CITED TURBULENCE CAUSED BY ATTRITION AND DETERIORATING RETENTION RATES AS ONE OF THE MOST SERIOUS PROBLEMS FACING THE ARMY TODAY.

BOTH IN OUR HEARINGS IN WASHINGTON AND IN THE FIELD THERE WAS A GENERAL CONSENSUS AMONG THESE INDIVIDUALS AND MANY OTHERS THAT A SOLID EDUCATION PROGRAM COULD HELP STABILIZE THE ALL VOLUNTEER FORCE AND REVERSE THIS ATTRITION. INCLUDED

WITHIN H.R. 1400, APART FROM THE BASIC AND SUPPLEMENTAL BENEFITS, ARE TWO MAJOR RETENTION INCENTIVES: A LEAVE OF ABSENCE PROVISION, AND AN OPTION TO TRANSFER EDUCTIONAL ENTITLEMENT TO DEPENDENTS.

MR CHAIRMAN, I WOULD LIKE TO SUBMIT FOR THE RECORD SEVERAL CHARTS DEPICTING H.R. 1400, AND WHILE DOING SO EXPLAIN THE GRADUATED BENEFIT LEVELS PROVIDED BY THE LEGISLATION.

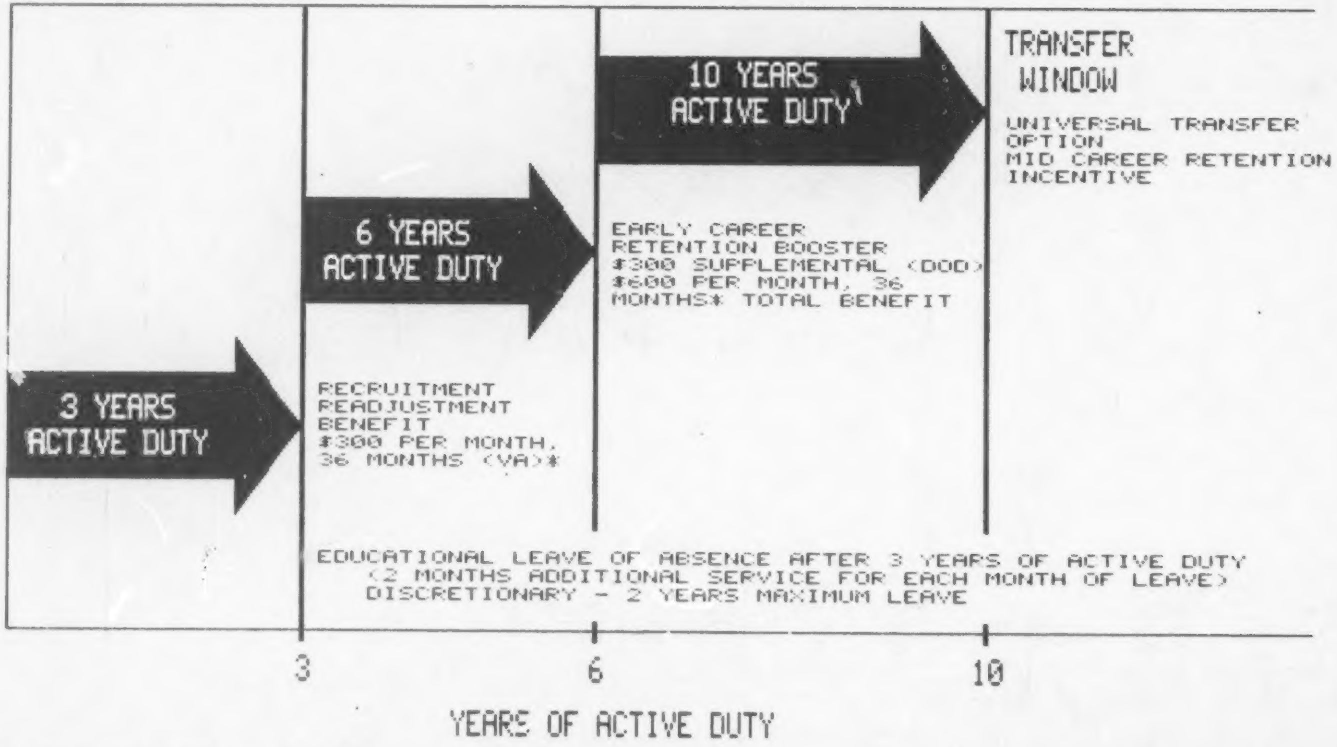
HR 1400. "THE VETERANS EDUCATIONAL ASSISTANCE ACT OF 1981 (AS AMENDED)

EDUCATION AS A RECRUITMENT AND RETENTION INCENTIVE FOR THE ALL VOLUNTEER FORCE.

RECRUITMENT POOL: HIGH SCHOOL GRADUATES OR "GED" RECIPIENTS

: CONTINUING FED LOAN FORGIVENESS PROGRAM TO ATTRACT COLLEGE LEVEL RECRUITS

HR 1400 BENEFIT LEVELS AND SERVICE INCREMENTS
ACTIVE DUTY



3 YEARS ACTIVE DUTY

6 YEARS ACTIVE DUTY

10 YEARS ACTIVE DUTY

RECRUITMENT
READJUSTMENT
BENEFIT
$300 PER MONTH,
36 MONTHS (VA)*

EARLY CAREER
RETENTION BOOSTER
$300 SUPPLEMENTAL (DOD)
$600 PER MONTH, 36
MONTHS* TOTAL BENEFIT

TRANSFER
WINDOW

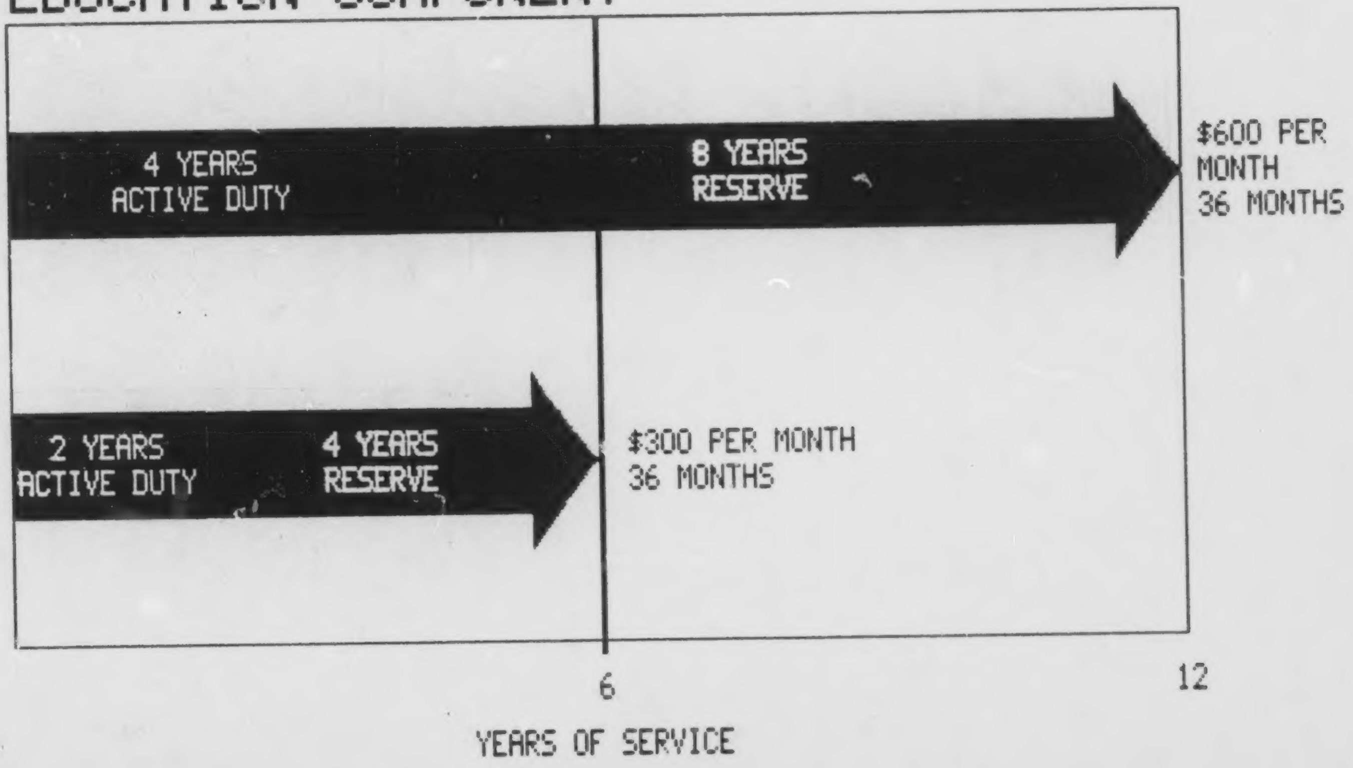
UNIVERSAL TRANSFER
OPTION
MID CAREER RETENTION
INCENTIVE

EDUCATIONAL LEAVE OF ABSENCE AFTER 3 YEARS OF ACTIVE DUTY
(2 MONTHS ADDITIONAL SERVICE FOR EACH MONTH OF LEAVE)
DISCRETIONARY - 2 YEARS MAXIMUM LEAVE

* DOD "KICKER" AVAILABLE FOR CRITICAL SKILLS

HR 1400 BENEFIT LEVELS AND SERVICE INCREMENTS

ACTIVE DUTY RESERVE SERVICE EDUCATION COMPONENT



FOLLOWING THE BASIC $300 RECRUITMENT BENEFIT AND THE EARLY CAREER BOOSTER SUPPLEMENTAL, H.R. 1400 AUTHORIZES SERVICEMEMBERS TO TRANSFER THAT ENTITLEMENT AFTER TEN YEARS TO THEIR DEPENDENTS IF THEY SO WISH.

TRANSFERABILITY MAY BE THE MOST CONTROVERSIAL PROVISION OF H.R. 1400. HOWEVER, IT WAS CLEAR FROM OUR TESTIMONY THAT IT WAS THE MOST CRUCIAL AND ALSO THE MOST POPULAR RETENTION DEVICE WITHIN THE LEGISLATION. I BELEIVE THAT THE TESTIMONY FROM THE SIX HEARINGS WE HELD WILL FULLY SUBSTANTIATE THIS FACT. FOR THE SERVICEMEMBER CONCERNED ABOUT THE WELFARE OF HIS FAMILY AND THE LONG. RANGE IMPLICATIONS OF A MILITARY CAREER, TRANSFERABILITY AFFORDS THAT INDIVIDUAL AN OPPORTUNITY TO MAKE A CONCRETE INVESTMENT IN HIS FAMILY THROUGH HIS OWN SERVICE.

ONE OF THE MAJOR MODIFICATIONS WE MADE IN H.R. 1400 WAS TO EXPAND THE ORIGINAL AUTHORIZATION FOR TRANSFERABILITY, ORIGINALLY TARGETED ONLY TO CRITICAL SKILLS, TO A UNIVERSAL PROVISION AVAILABLE TO ALL MILITARY PERSONNEL. SERVICE PERSONNEL FROM COMPANY COMMANDERS TO PRIVATES TOLD US OF THE INEQUITY OF PROVIDING AN EDUCATION BENEFIT FOR SOME DEPENDENTS AND NOT OTHERS. THEY INDICATED THAT THEY COULD ACCEPT THE CONCEPT OF USING PAY AND BONUSES AS AN INCENTIVE FOR CRITICAL SKILLS.

BUT THAT A BASIC BENEFIT SUCH AS EDUCATION OR HEALTH CARE OUGHT TO BE PROVIDED ACROSS-THE-BOARD.

ONE ARMY MAJOR STATED, "LINKING TRANSFERABILITY TO CERTAIN M.O.S's WOULD CREATE TURBULENCE BY ENCOURAGING SOLDIERS TO JUMP FROM ONE M.O.S. TO ANOTHER."

ANOTHER FIRST LIEUTENANT ASKED: "HOW CAN YOU ASK SOMEONE TO BE COLD, WET AND MISERABLE IN THE COMBAT ARMS IF THAT SOLDIER WAS DENIED TRANSFERABILITY WHILE OTHERS WERE GRANTED IT."

WE FEEL THAT UNIVERSAL TRANSFERABILITY CAN BE AN EFFECTIVE RETENTION INCENTIVE WE ALSO STRONGLY URGE AND RECOMMEND THAT IT BE MADE AVAILABLE ACROSS-THE-BOARD TO BOTH SPOUCE AND CHILD.

I REALIZE THAT THE COST OF H.R. 1400 IS OF SOME CONCERN TO THE MEMBERS OF THIS SUBCOMMITTEE. AS YOU CAN SEE THE COST IS SPLIT BETWEEN THE VETERANS ADMINISTRATION AND THE DEPARTMENT OF DEFENSE. THE VA WILL ADMINISTER THE PROGRAM AND BE RESPONSIBLE FOR THE COST OF THE BASIC BENEFIT AFTER THREE YEARS. THE DEPARTMENT OF DEFENSE WILL PAY FOR THE SUPPLEMENTAL BENEFITS AFTER SIX YEARS, AND THE TRANSFERABILITY PROVISION AFTER TEN. THERE IS NO APPRECIABLE COST TO THE PROGRAM UNTIL 1984.

I UNDERSTAND THE CONGRESSIONAL BUDGET OFFICE WILL TESTIFY BEFORE THE SUBCOMMITTEE ON THE COST ESTIMATES THEY HAVE PROVIDED THE HOUSE COMMITTEE ON VETERANS AFFAIRS. WHILE CBO MAY BE REPORTING ON THE COSTS OF THE LEGISLATION, I BELEIVE IT IS IMPORTANT TO NOTE THE COST SAVINGS AND THE BENEFITS DERIVED FROM THE BILL.

IN 1979 THE GOVERNMENT ACCOUNTING OFFICE REPORTED THAT 444,000 FIRST TERM VOLUNTEERS HAD LEFT THE SERVICE BETWEEN 1974 AND 1977 BEFORE COMPLETING THEIR INTITAL ENLISTMENTS. THE COST TO THE FEDERAL GOVERNMENT FOR THIS LOSS WAS $5.2 BILLION.

AT THE SAME TIME THE DEPARTMENT OF DEFENSE PROJECTED THAT UP TO AN ESTIMATED ONE-THIRD OF ACTIVE DUTY MALE FIRST TERM ENLISTEES FROM FY 1976 TO FY 1978 FAILED TO COMPLETE THREE YEARS OF INITIAL SERVICE, "MOSTLY BECAUSE OF LACK OF APTITUDE OR MOTIVATION."

CURRENT DOD DATA INDICATES THAT HIGH SCHOOL GRADUATES ARE TWICE AS LIKELY TO COMPLETE THEIR FULL ENLISTMENTS THAN ARE HIGH SCHOOL DROPOUTS. H.R. 1400 WOULD ATTRACT ONLY HIGH SCHOOL GRADUATES.

THE GAO ESTIMATES THAT EACH ATTRITION CASE COSTS THE GOVERNMENT $12,000, INCLUDING BASIC ENLISTMENT COSTS, INITIAL TRAINING AND SERVICE COSTS.

FOR THOSE AT THE MID-CAREER LEVEL, ESPECIALLY THOSE TRAINED IN CRITICAL SPECIALTY FIELDS THE COST OF ATTRITION IS EVEN GREATER. THE AIR FORCE ESTIMATES THAT IT PAYS $6.8 MILLION TO TRAIN AND KEEP AN F-15 PILOT WITH THE RANK OF CAPTAIN PROFICIENT IN FLIGHT SKILLS. IT WOULD LOSE ABOUT HALF THAT MUCH AGAIN FOR A C-130 or F-4 PILOT WHO LEAVES THE SERVICE TO FLY FOR A COMMERCIAL AIRLINE.

DR. CHARLES MOSKOS THE NOTED MILITARY SOCIOLOGIST FROM NORTHWESTERN UNIVERSITY, TESTIFIED BEFORE OUR SUBCOMMITTEE THAT MERELY CUTTING THE MILITARY ATTRITION RATE IN HALF WOULD RESULT IN MANPOWER SAVINGS IN EXCESS OF $600 MILLION PER YEAR.

FURTHERMORE, JUDGING FROM OUR PAST EXPERIENCE WITH PREVIOUS G.I. BILLS, FOR EVERY DOLLAR INVESTED IN AN EDUCATION PROGRAM, THE FEDERAL GOVERNMENT HAS RECEIVED THREE IN RETURN FROM HIGHER TAXES PAID BY THOSE WHO HAVE RECEIVED THAT EDUCATION.

APART FROM BEING COST EFFICIENT, H. R. 1400 WILL BE A GOOD INVESTMENT IN THE ALL VOLUNTEER FORCE. THE INVESTMENT MADE IN IMPROVING THE QUALITY OF PERSONNEL WILL PAY OFF IN IMPROVED EFFICIENCY AND A MORE EFFECTIVE DEFENSE FOR THE UNITED STATES. THE INCENTIVE PROVIDED BY EDUCATION BENEFITS WILL NOT ONLY IMPROVE THE QUALITY OF MILITARY PERSONNEL, BUT WILL ATTRACT AND DRAW ON A MORE REPRESENTATIONAL AND EQUITABLE CROSS-SECTION OF THE NATION'S POPULATION.

IN CLOSING, THE RECRUITERS, THE MILITARY PERSONNEL, AND THE EXPERTS IN WASHINGTON AND IN THE FIELD TAUGHT US A VERY VALUABLE LESSON. THEY SAID:

"GIVE US A NEW G. I. BILL. MAKE IT SIMPLE, EASY FOR RECRUITERS TO EXPLAIN, AND RECRUITS TO UNDERSTAND. MAKE IT EQUITABLE. USE PAY INCENTIVES AND BONUSES FOR CRITICAL SKILLS, BUT EDUCATION SHOULD BE ACROSS-THE-BOARD. ALLOW US ALL THE OPPORTUNITY TO EDUCATE OUR FAMILIES. DO NOT DISCRIMINATE BETWEEN DIFFERENT BRANCHES OF THE SERVICE OR DIFFERENT OCCUPATIONS WITHIN THOSE BRANCHES. MAKE THE BENEFIT LEVELS HIGH ENOUGH TO BE MEANINGFUL, BUT NOT TOO HIGH TO FORCE PEOPLE OUT OF THE SYSTEM TO USE THAT BENEFIT. MAKE THE G. I. BILL PERMANENT. IT IS TIME TO STOP SWITCHING SIGNALS ON THE EDUCATION BENEFITS FOR THE ALL VOLUNTEER FORCE." AND, ABOVE ALL, THEY SAID, "WE NEED THIS RECRUITMENT AND RETENTION TOOL NOW."

I REALIZE THAT IS A TALL ORDER. BUT WE HAVE ATTEMPTED TO INCLUDE THE SPIRIT OF THOSE GUIDELINES WITHIN H. R. 1400. AS I MENTIONED IN THE BEGINNING OF MY STATEMENT, I BELIEVE WE HAVE DESIGNED A GOOD BILL WHICH WE FULLY SUPPORT.

I WANT TO THANK YOU, MR. CHAIRMAN AND THE MEMBERS OF THE COMMITTEE FOR YOUR INVITATION TO TESTIFY TODAY. I ALSO WANT TO EXPRESS MY DEEP APPRECIATION TO THE CHAIRMAN OF THE HOUSE COMMITTEE ON VETERANS' AFFAIRS, SONNY MONTGOMERY, THE ORIGINAL AUTHOR OF H. R. 1400, FOR HIS GREAT ASSISTANCE AND STRONG SUPPORT FOR THE AMENDMENTS WE MADE TO HIS BILL.

Chairman **Simpson**. Does any member of the committee have a few brief questions they might want to direct? Yes, Senator Kasten.

Senator **Kasten**. First of all, I want to commend you on the work you are doing and on your testimony. It will be tremendously helpful. When Senator Armstrong was here, he made a point regarding transferability; that there would be a difference in the way officers and NCO's and enlisted personnel would use that transferability. And in fact, it would be for officers' families whereas many of the NCO's and the enlisted people would use it for themselves.

The officers already have bachelor's degrees and in some cases advanced degrees, and there are certain other opportunities for officers while they are in the service. But, I was interested and intrigued by your idea of the transferability being in fact transferable only to persons who stayed in the service.

But could you address yourself to Senator Armstrong's objection with respect to the difference between the way transferability would be used by the officers versus the enlisted personnel?

Congressman **Edgar**. I think it depends on your perspective. If you come to a realization after listening to the witnesses that one of the really important things that we need to do with this new GI bill is to attract the NCO's in staying within the system, then I think you need to target a benefit to them.

And I don't think that benefits like the GI bill can be discriminatory. That is to say, should only go to noncommissioned or commissioned officers. I think that you use pay for those kinds of targeted critical skills.

But as far as a benefit across the board, he may be right; that many of the officers will have a little extra cash on hand and not need it as much to put their spouse or their children through an educational institution.

But we found particularly in our field hearings that NCO's thought it might also be the kind of incentive that would keep them from leaving in the 10th year, or the 11th year, or the 12th year rather than going out into the real world to get a job in the private sector because their children were coming of the age where they were beginning to go into school.

So what we were trying to do by making it a transferability provision that you could only use if you stayed in the All-Volunteer Force was to try to capture those NCO's, those well-qualified trained middle management people that we want to keep.

Senator Armstrong makes the argument that it is gravy train for the officers. I think that in terms of total dollars that are committed and in terms of equity, that matters little.

Senator **Kasten**. Does the age factor come out correctly, though? It would seem to me that the average age of enlistment is—just for example say—18 or 19, 20 or 21. Ten years out, puts those people at 28, 29, 30, 31. It is unlikely that at age 31 service personnel are going to end up with children that want to go to college or want to participate in a technical education that the proposed GI benefits would apply to.

Congressman **Edgar**. What we heard was that there are certain key points in the service of someone thinking about staying within the All-Volunteer Force. There is a critical point at the first reenlistment.

Then there are those who come in, particularly the NCO's, who stay one, two, three, four enlistments and they are up into their 10th, 11th or 12 year. They are making some critical decisions at that point. They may have a child who, let's say, is in junior high school at that point or beginning senior high school. That is when they are making their decision as to whether or not they leave the service to try to get some seniority and some pay on the outside to put some money aside for their children, who if they stayed in the service might not enter college till their 15th year in the service, or their 16th year, or 17th year in the service.

The period between the 10th year and the 20th year, they would be able to transfer those benefits to their spouse or to their children. That option would encourage them not to leave to find that resource someplace else.

Senator KASTEN. So in fact, you are trying to encourage them to stay in much beyond 10 or 12 years.

Congressman EDGAR. We are providing the incentive to make them career officers, career NCOs, career middle management people who have been trained by the military, and stay.

Senator KASTEN. And even at year 18 or year 20, those benefits are not transferable unless they are in the active service; is that correct?

Congressman EDGAR. Right. Our bill states that after 20 years, you can also transfer the benefits to your spouse or children, but the option must be taken after the 10th year and only for active duty personnel who complete 20 years.

Senator KASTEN. Even if you are not part of the active military? You are saying then, that after the 20th year, it is most likely that an enlisted man will have children that are of college age.

Congressman EDGAR. There is still a 10-year delimiting date. After 20 years of service within the All-Volunteer Force: they have made an investment, contribution to their Nation. We are giving them $600 for 36 months of benefits, not $600 for each child. It is a $600 benefit that they have earned, and earned it by their 6th year.

They have earned it almost four times by staying 20 years. They leave. Then a 10-year time clock starts. They have to use their benefit either themselves or give it to their spouse or their children by the 30th year.

Senator KASTEN. Thank you, Mr. Chairman. I am intrigued by the whole question of transferability. I can see that it is going to be a difficult matter for us to resolve. I greatly appreciate your comments, Bob. Mr. Chairman, I have no further questions.

Congressman EDGAR. I think the bottom line is that transferability ought not to be targeted to critical skills because there is definite discrimination involved there. If you are going to have it, it ought to be across the board.

Secondly, transferability needs to be thought of as a retention tool, particularly a retention of the middle level NCO's.

Chairman SIMPSON. Thank you very much, Senator Kasten. You indeed, have come very quickly to one of the significant issues on all items of the legislation, all 10 of the ones that we are considering. Some provide for transferability; others do not. Some provide for a limited transferability; others are more expansive.

And that is indeed I think an issue that is going to be closely observed by this Committee and was by yours, Bob. And the cost of that, where it goes in the future, are there other tools that could be as valid as this; those are certainly things that we will be grappling with. And it is one of the significant divergences in philosophy that we see in the 10 pieces of legislation that are here before the Senate.

Did you have any questions of Congressman Edgar, Jennings?

Senator RANDOLPH. Only one. Perhaps a question and then just a comment. I know that you are a student of this subject matter, and I shall follow very carefully at a later time your testimony.

Do you feel that there is a possible association during these hearings of a discussion of the draft?

Congressman EDGAR. Yes, very much. Sonny Montgomery, who is chairman of the House Veterans' Affairs Committee and a very strong advocate of return to the draft, is the prime sponsor of this legislation on the House side. But he has said many times, and will repeat probably today this legislation is also an attempt to save the All-Volunteer Force.

I tend to be on the other side of that ideological perspective. I happen to support as Senator Cranston does the continuance of the All-Volunteer Force. But when we did away with the draft we moved to an All-Volunteer Force keeping a draft mentality.

Last year with our pay incentive and this year again with new pay incentives, we are moving ahead with the All-Volunteer Force and making the kind of midcourse corrections that need to be made. I happen to think that education and pay incentives ought to be both provided to complete that benefit package.

We discovered in asking witnesses in Norfolk, for example, if you had a choice between $5,000 of upfront bonus and $10,000 of education component, which would you prefer. To our surprise, many of the people within the military were more attracted to the education component than the cash bonus up front.

My strong feeling is that hawks and doves and advocates for return to the draft and advocates for continuation of the All-Volunteer Force can come together around the need to put in place a new GI bill. I don't think that we are going to move in the next 2 to 3 years back to a draft setup.

But even if we do, I think we will want in place the tools for a GI bill, whether it is wartime or not wartime; I think we saw after termination of the Vietnam-era GI bill on December 31, 1976, the drop in recruitment and the drop in the quality of the personnel joining our military, how important an education component can be for the Nation's defense force.

One other point: As the President and the budget constraints put pressure on decreasing the amount of basic education opportunity grants available, we think a new education component within the All-Volunteer Force will provide an incredible attraction for people of limited means to join the service, not only as a job, but as an opportunity to get an education. The program will also bring into the service higher than high school equivalency and a higher level of person who can handle the sophistication and the computerization within the All-Volunteer Force.

There is going to be debate on the issue of a draft versus the All-Volunteer Force. I am suggesting to you that on the subject of a new GI bill, we ought to put aside that debate. Regardless of whether we have a draft or an All-Volunteer Force, we need a GI bill.

Senator RANDOLPH. Thank you, Mr. Chairman. I am asking, while I am here, each witness how he or she may feel about the draft. Because I think it is one of the alternatives that you said; still there is the overriding situation that must be kept in mind. Is that not true?

Congressman EDGAR. That is true. My preference is to fine tune the All-Volunteer Force and to make it work. If that fails, my second preference would be universal service either in the military or in the nonmilitary field where all young people, both men and women, could make some commitment to their Nation.

The cost of that concept and the shape of that program is in question given the budget constraints, we are under at this point. But, I think the short-term plan ought to be to keep the All-Volunteer Force in place and to upgrade the level of personnel within that system. I think education can help.

Senator RANDOLPH. Mr. Chairman, thank you for allowing me to question.

Chairman SIMPSON. Thank you, Jennings.

Senator MITCHELL. Mr. Chairman, I don't have a question, just a comment. I want to commend you for an obviously thoughtful, well-prepared and informative presentation.

Chairman SIMPSON. I certainly agree. Thank you very much, Congressman; look forward to working with you on this.

Now, our next witness is Roger Jepsen, my good colleague from Iowa, who is chairman of the Subcommittee on Manpower and Personnel of the Committee on Armed Services. He brings a real enthusiasm and drive to this place on this issue.

I tried to lure him onto this committee when we started in January, but he didn't fall for it. And I thought it would be good that we had a dual interest of someone on armed services and on veterans affairs. And so here is your chance to splice some things together for us.

TESTIMONY OF HON. ROGER W. JEPSEN, A U.S. SENATOR FROM THE STATE OF IOWA

Senator JEPSEN. Thank you, Mr. Chairman. I at one time did reflect on and consider joining the Veterans' Affairs Committee and have joint jurisdiction over these matters, but when I was absolutely sure I knew that you were going to be chairman of this committee, I knew that the issues were safe and would be treated as though they were in God's pocket and be very adequately pulled together and coordinated; and I look forward to working with you and your committee members on what I consider to be a part of the total career development concept and picture that we must look to as we talk about providing for our AVF or our draft or whatever it may be, but the end result of all of them and the end goal being the national security of this country of ours.

I would emphasize and have done so in my subcommittee that we talk about career development. I also emphasize and have pointed out time and time again that you can buy headpower and you can buy handpower, but you can't buy heartpower. And that duty, honor, and service to country is something that slowly, thank God, is coming more into vogue day by day with the new direction and new change that we now have.

And I think the GI bill is part of this total career development incentive for men and women who will consider serving their country not only temporarily but on a career basis. I come to this committee today as first of all a veteran. I used the GI bill when I went to college.

After graduating from college, I was on the college and university staff at Arizona State University as veterans' adviser. My job was to counsel and work with veterans in planning their GI bill and their programs. And now as chairman of the Manpower and Personnel Subcommittee in the armed services, I have a deep interest in and some varied dimensions, background-wise on the GI bill.

I am grateful, Mr. Chairman, for the opportunity to testify today on the desirability of reinstating the GI bill. And I want to commend you and the Veterans' Affairs Committee for taking an interest in restoring a measure which if properly applied could provide a cost-effective means for increasing the numbers but probably more importantly in the overall picture the quality of the recruits that we have for the Armed Forces.

Manpower problems are one of the major causes of our military decline. In many basic skill areas such as combat arms, we are having great difficulty recruiting the necessary manpower. The quality of some of the recruits that we are getting has been troubling. Some branches have more problems and more trouble than others.

A substantial number of first-term enlistees are not completing their term of obligated service. The rate of attrition for enlistees in the Army is approaching 40 percent. Attrition is costly to the taxpayer in terms of lost enlistment bonuses as well as in terms of training costs required to prematurely replace the attrited enlistee.

Last year the Department of Defense lost $12.5 million on enlistees who received bonuses and were discharged before completion of their first terms. Last year the Congress responded to this alarming situation by enacting a large number of military manpower initiatives.

These consisted of improvements in compensation as well as in the quality-of-life areas. The momentum must continue. Uniform Service Pay and Benefits Act of 1981, which I introduced on May 14 of this year, is intended to complement the process begun last year.

My proposal, Mr. Chairman, lays the groundwork for restoring adequate military compensation and provides for long-term reversal of adverse retention trends and attempts to achieve these goals in the most economic manner possible.

A new GI bill could be an integral tool for achieving these ends in a cost-effective manner. Currently so-called marketplace incentives are the principal means of achieving our recruiting goals. These incentives consist of large enlistment bonuses and pay increases, front-loaded at the lower enlistment grades. They are not altogether satisfactory.

Relying exclusively on such enlistment incentives is proving counterproductive. Using enlistment bonuses as an appeal for service in the military has lowered public esteem in the Armed Forces in my opinion. By providing the largest cash benefits for first-term enlistees, this system is a disincentive for qualified people considering the military career.

Finally, marketplace incentives attract the type of individual least qualified for military service. Restoration of a GI bill education benefits can solve some of our current problems. It would provide the incentive for upwardly mobile young people to make a single-term enlistment in the military part of their life plan.

Today, 71 percent of all young people rely on their parents for some guidance as they plan their future. Their parents are more likely to recommend a term of enlistment in the military if some deferred educational benefit were involved. An offer of educational benefits would appeal to the type of people needed in today's military.

College-bound high school graduates have a greater aptitude and are more highly motivated than any other group at that age level. Recruitment of these more qualified people would tremendously reduce the percentage of administrative discharges of first-term enlistees.

A return to some form of GI benefit could provide substantial savings over sole reliance on cash incentives. The cost of reinstating educational benefits would be deferred for 2 years, giving us the needed space necessary to revive our ailing economy.

The increased numbers of qualified recruits could significantly reduce training and retraining costs. Finally, the GI bill would guarantee performance of obligated and honorable service before the award of the benefits. This would further cut the cost of first-term enlistee administrative discharges.

Mr. Chairman, all the GI bill proposals before this committee have much to commend them. I would, however, like to address one issue that is inherent in many of these proposals and one that was just discussed at some length here. It is the use of the GI bill's retention device through the direct transfer of benefits to a spouse or child.

This would not be an efficient means of retaining career personnel as the cost would be all out of proportion to any realized retention benefit. As an alternative to direct transferability, career personnel might be allowed a leave of absence to take advantage of their benefits for self-improvement and self-advancement.

The most effective way to attack the retention problem is by providing increased pay and benefits on a targeted basis to career service personnel.

In closing, I want to express my sincere hope that we can enact one of the proposals by December of this year, and I invite the Veterans' Affairs Committee to work very closely with the Armed Services Committee in this matter. I think we must properly integrate any new GI bill benefits with our current proposals for increased enlistment bonuses in order to achieve the most economical solution to our current problems.

And I thank you for the opportunity to appear before this distinguished panel today, Mr. Chairman.

Chairman SIMPSON. I thank you very much for appearing, and indeed we do look forward to working closely with you and the Armed Services Committee.

Are there any questions of Senator Jepsen? Jennings?

Senator RANDOLPH. Thank you, Alan.

Senator Jepsen, what is your feeling about the draft?

Senator JEPSEN. I feel that we must give the All-Volunteer Force a fair shake and a chance to work. We went from the draft to an All-Volunteer Force and then promptly canceled everything that might provide any incentive or inducement for anyone to enlist or make a career in the military.

National security being foremost, whatever it takes to provide the level of defense that we need for our national security and prevent war and bloodshed, whatever means and whatever is necessary, whether economically or draft or whatever procedure is necessary; that I will support at the time when time comes.

Senator RANDOLPH. Thank you.

Senator JEPSEN. To answer directly, I will work to make the All-Volunteer Force work. If we find that it can't, then I would not favor a draft as we knew it, because it was about as lopsided and unfair as anything could be. My son was in Vietnam, and he was in Vietnam because he volunteered, as I did when I was a young man.

But there are many folks who sat at home, and I don't say this in any judgment because that is not my right. But it is a fact that the draft had no sense of equity when there were folks with a little more wherewithal who were able to sit and sing fraternity songs and drink beer while others were shedding their blood in the battlefield; that isn't any semblance of fairness.

I would support universal training of service for all men across the board in this country, and that is on a mandatory basis if need be. I would not support mandatory service for women, but I would make it 100 percent accessible on a voluntary basis to them.

Senator RANDOLPH. Thank you.

Chairman SIMPSON. Let me thank you, Roger. I think—I don't think there are any further questions from the committee, and really we appreciate your being here and your explanation of your legislation.

Senator JEPSEN. Thank you, Mr. Chairman.

Chairman SIMPSON. Now, if I might recognize Senator Mitchell, who will introduce, very briefly, our next witness.

Senator MITCHELL. Well, Mr. Chairman, I am pleased to welcome to the committee today my distinguished senior colleague from Maine, Senator Cohen. Senator Cohen has been working long and effectively on legislation to provide a worthwhile program of educational assistance for veterans, and I know the other members of the committee look forward to his testimony, which I know will be most informative and interesting. Senator Cohen.

TESTIMONY OF HON. WILLIAM S. COHEN, A U.S. SENATOR FROM THE STATE OF MAINE

Senator COHEN. Mr. Chairman, I thank the junior Senator from Maine who exceeds my chronology, I think, by just a couple of years.

Mr. Chairman, I have a——

Chairman SIMPSON. I exceed both of you, you know, and I have only been here 2½ years.

Senator COHEN. It seems like a lot longer.

Chairman SIMPSON. It does indeed. Often feel like the portrait of Dorian Gray. [Laughter.]

Please proceed. It is good to have you here.

Senator COHEN. Mr. Chairman, I have a prepared statement. I would like to omit the first three pages of the prepared statement. It pays essentially a tribute to the chairman of this committee, and I don't wish to be excessively gratuitous here this morning. So if that can be part of the record, I will proceed on page 4.

Chairman SIMPSON. Is somebody actually taking all this down? Please proceed. Thank you.

Senator COHEN. Mr. Chairman, if I could, I would like to indicate first of all that the bill that I have submitted this year has been the product of consultations with the Non Commissioned Officers Association, with whom I have worked since being a member of the U.S. Senate, and essentially is a bill I believe that they wholeheartedly support. I would just like to briefly describe the bill itself.

It would allow persons enlisting or reenlisting in the armed services to earn up to 36 months of educational benefits by completing 4 years of honorable service. Those not serving the 4 years would receive reduced benefits. No benefits would be paid to those completing less than 2 years of service.

Individuals could begin using their benefits after completing 2 years of service, and those benefits would be provided at the same level as under the Vietnam-era GI bill.

I think it is important to note that the payments schedule is smaller than would be provided by other GI educational proposals. But I have chosen to keep it this way for a number of reasons.

First of all, I think we have to seek to create a fair GI educational program and not an overly generous one. And second, the payment structure and the amount of the current GI bill must be considered adequate for our goals. If not, we would have to admit that Congress and the executive branch have shortchanged Vietnam-era veterans.

Finally, any new program realistically must be kept within the realm of affordability.

A major improvement over my original proposal is a provision for those serving the Nation's Reserve Forces. Reserve personnel would accrue benefits more slowly but the important thing is they would receive recognition which I feel is necessary and imperative if we are going to attract personnel to this important element of the total force concept.

The need for pretrained manpower has been identified as a critical aspect of mobilization planning; indeed, we have had a number of sessions on the Senate floor in closed session presented by Sam Nunn and others about the inadequacy of our mobilization capability today. A good deal of that is due to a lack of adequate pretrained manpower.

The Reserves in fact are understrength. So if we are going to improve the quality and the size of the Reserve Force, then we should provide a program of educational incentives for that service as well.

I have incorporated a provision allowing those who serve to save for their spouse and children's education. This provision is included because of the strong calls by the service representatives for a transferability provision. I was in the audience a moment ago when Senator Jepsen indicated his opposition to such a provision because of the enormous expense. And I think that is certainly an important factor to take into account.

The direct transferability of benefits could, I am told, ultimately cost as much as $4 billion per year, in addition to whatever benefits are currently being paid to the veteran. And that projection is based on payments of only $342 per month to full-time students.

The transferability provision which I have suggested deals with the long-term cost problem. It significantly improves the administrative procedures by establishing an official account for all who would choose to participate. In essence, it is modeled after the current VEAP program.

It would allow servicemembers with more than 6 years in the military to contribute $25 to $100 per month, and when that member completes 10 years of service, the Defense Department would add $2 for every $1 in the fund established by the individual. The maximum individual contribution would be $6,000. And the maximum by the Government itself would be $12,000.

A student training under this program would receive a benefit of $500 a month for 36 months. This portion of the proposal would, I estimate, cost about $45 million per year a group with a high-cost year of $475 million.

And, finally, a key provision of the legislation will allow individuals to take a leave of absence from the armed services to use their education benefits and complete a degree. In return, they would be required to serve 2 months for every 1 month of leave taken.

This, in my judgment, would greatly enhance the retention of service personnel who are seriously interested in education.

Mr. Chairman, these elements are, I think, the ones which should be part of any final GI bill legislation. I think it is important that the approach that we take provide incentives for both joining the service and staying long enough to make a difference.

We saw at the end of the GI bill in 1976 there was a corresponding drop in the quality of the enlistees. With the development of new military standards and passage of the pay legislation, I think that that situation has reversed dramatically in this past fiscal year.

But we have to do more if we are going to attract the kind of qualified personnel that we want for our military. And I think that whatever one's view is with respect to the draft, that is essential. I think that is evidenced by the fact that Senator Jepsen preceded me. I assume that Senator Armstrong will be testifying if he hasn't testified already.

There is a wide disparity in the views of those of us who will be testifying in favor of this legislation or some bill with respect to the draft. But it is imperative that we have an incentive to get qualified people to not only enlist but to reenlist and stay in the service long enough to make that difference. I suggest to you that this approach or some variant of it will achieve that end.

Chairman SIMPSON. Thank you very much.

[The prepared statement of Hon. William S. Cohen, a U.S. Senator from the State of Maine, follows:]

PREPARED STATEMENT OF HON. WILLIAM S. COHEN, A U.S. SENATOR FROM THE STATE OF MAINE

Mr. Chairman, thank you for giving me the opportunity to testify today on the important issue of GI Bill education benefits. Your strong personal interest in this issue is appreciated.

In my view, Congress made a big mistake in 1976 when it terminated the program of GI Bill education benefits, one of the best and most successful government programs ever enacted. It compounded that error by replacing it with one of the most ill conceived programs ever, the Veterans Educational Asssistance Program, VEAP.

As one of those who voted to bring an end to GI Bill education benefits, I feel a special responsibility to correct that mistake. That is why I have taken a particular interest in developing a replacement for VEAP.

Last year, when I testified before this committee, I spoke in behalf of S. 2020, the bill I introduced in 1979 providing a two tiered program of benefits for those who serve in our Armed Forces. As the first legislation introduced in the Senate to bring back the GI Bill, that measure was limited in scope. Since I first proposed it, there has been extensive discussion, including the hearings you held last year, providing a better focus on the problem which exists and the legislative remedy which is required.

At the beginning of this Congress, I reintroduced my original bill as S. 48. Since that time, I worked to put together a proposal which I believe incorporates the elements which will make a successful GI Bill program.

I am here today to explain my new legislation, S. 742. But my major theme is that a bill—not necessarily my bill—is what I think is essential.

I have the deepest respect for his Committee and for its chairman. No member of the Senate has a deeper commitment to the veterans of this nation than my distinguished colleague from Wyoming, Al Simpson. I know that you will draw from the testimony presented today and tomorrow and distill it into legislation which will best meet the needs of those who serve in the Nation's military.

Let me add that Bill Armstrong deserves the lion's share of credit for increasing the awareness of the need for this legislation. Bill has had a key leadership role in this. He, I know, shares with me the feeling that we must all work together in the effort to secure a new GI Bill.

To briefly describe my bill, it would allow persons enlisting or re-enlisting in the Armed Forces to earn up to 36 months of education benefits by completing 4 years of honorable service. Those not serving 4 years would receive reduced benefits. No benefits would be paid to those completing less than 2 years of service.

Individuals could begin using their benefits after completing 2 years of service. Benefits would be provided at the same level as those under the Vietnam-era GI Bill.

It is important to note that the payment schedule is smaller than would be provided by other GI education proposals. However, I have chosen to keep it for a number of reasons.

First, we must seek to create a fair GI education program, not an overly generous one. Second, the payment structure and amount of the current GI Bill must be considered adequate for our goals. If now, we must admit that Congress and the executive branch have short-changed Vietnam-era veterans. Finally, any new program must be kept within the realm of affordability. If necessary, we can easily adjust upward the payment amounts.

A major improvement over my original proposal is a provision for those serving in the nation's reserve forces. Reserve personnel would accrue benefits more slowly, but the important thing is that they would receive the recognition which I feel is imperative if we are to attract personnel to this important element of the total force concept. The need for pretrained manpower has been identified as a critical aspect of mobilization planning. The Reserves are understrength. If we are to improve quality and the size of the reserve force, we should provide a program of educational incentives for service.

I have also incorporated a provision allowing those who serve to save for their spouse or children's education. This provision is included because of the strong calls by service representatives for a transferability provision.

Direct transferability of benefits could, I am told, ultimately cost as much as $4 billion per year, in addition to whatever benefits are paid to the veteran. That projection is based on payments of only $342 per month to full-time students.

My transferability approach deals with the long-term cost problem. It also significantly improves administrative procedures by establishing an official account for all who choose to participate.

The program is modeled after the current VEAP program. It would allow servicemembers with more than 6 years in the military to contribute $25 to $100 per month. When the member completes 10 years of service, the Defense Department would add $2 for every dollar in the fund established by the individual. The maximum individual contribution would be $6,000, the maximum for the government, $12,000.

A student training under this program would receive a benefit of $500 per month for 36 months. This portion of the proposal would, I estimate, cost about $45 million per year group, with a high-year cost of $475 million.

A final, key provision of the legislation would allow individuals to take a leave of absence from the Armed Forces to use their education benefits and complete a degree. In return, they would be required to serve 2 months for every month of leave taken. This should greatly enhance retention of service personnel who are seriously interested in education.

These elements are, I believe, ones which should be a part of any final GI Bill legislation. It is important that the approach we take provide incentives both for joining the service and for staying long enough to make a difference.

Following the end of the GI Bill in 1976, the quality of enlistees dropped. With development of a new military qualification test and passage of pay legislation, that situation has reversed dramatically in this fiscal year. Still, most experts agree that more must be done to attract and retain qualified personnel.

If we can provide a program of educational benefits which bring top-quality young people into the service for several years, the nation will be better for it. Our defense force will be improved by bringing in educationally-motivated young men and women, savings will be realized through reduced attrition and training costs, and the service experience will prove a leavening one for the enlistees and those with whom they associate.

There can be little doubt about the importance of reinstituting a sound GI Bill. One study shows that as many as 36 percent of the people who joined the military before termination of the GI Bill enlisted to receive those benefits. Another shows that veterans are generally better educated than their civilian counterparts and usually earn a better wage. Finally, there has been testimony that veterans who train under the GI Bill return more to the Treasury in taxes than the United States pays for their education.

Educational assistance could do no more than dollars applied to across-the-board pay increases in the effort to attract the individuals the services need to fill critical skill positions. We have a solid program with a proven record as a service incentive. That program, the Vietnam-era GI Bill, is the basis for my legislation.

With the improvements I have made—establishing a minimum service period for benefit eligibility, requiring 4 years of service for full benefits, extending benefits to those in the Reserved, providing a contributory transferability program, and allowing educational leaves of absence—that program should only be strengthened.

I believe the program is a good one. It represents the kind of direction we should be moving in as we seek to strengthen our military forces. Further, it reflects my firm belief that the Nation should give proper recognition to those who have served in our Armed Forces.

The approach embodied in S. 742 will, I hope, be taken into consideration as the Veterans' Affairs Committee develops GI Bill legislation. I look forward to working with you in the effort to provide a program of educational assistance for those who serve.

Chairman SIMPSON. Are there any questions by members of the committee? Yes, Senator Kasten. Bob?

Senator KASTEN. I want to commend you on your testimony and echo the point that you brought up. I think that educational benefits for the Reserve Forces ought definitely to be a part of whatever legislation this Congress passes. The Reserves are an essential component of our overall force and I think they have been neglected over the past few years.

Senator **Cohen**. Probably the biggest deficiency that we suffer from in terms of readiness today is in our Reserve Forces. They are way under strength, and I think that we have got to deal with that issue. This is one element of dealing with it. It is not the total answer by any means, but if we are going to redress the problem with our Reserve Force, this would be an important element of that.

Senator **Kasten**. Thank you, Mr. Chairman.

Chairman **Simpson**. Jennings, yes. Senator Randolph, do you have any questions, sir?

Senator **Randolph**. I think, Mr. Chairman, that it is very reassuring that so many Members of the Senate and the able Senator from Maine, Mr. Cohen, have been working with others in the drafting of the proposed legislation which is the subject matter of these very vital hearings.

I commend him and all who I think are perhaps giving more attention at this period in the history of the Senate than we have given it for quite some time, and I am grateful for this.

Senator **Mitchell**. I have no questions, Mr. Chairman, and I simply join the other members in commending Senator Cohen for his clarity and the wisdom of his comments. I am sure they will be very helpful to the committee as we struggle to develop legislation in this area. Thank you, sir.

Senator **Cohen**. Mr. Chairman, just to point out, on the cover of Time magazine this week, there is a cover story with a portrait of Defense Secretary Caspar Weinberger, and it says: "How To Spend a Trillion Dollars."

I in jest submit to you a cartoon that I saw in the New Yorker magazine which echoes that particular theme. We are talking about spending $1 trillion or better over the next 4 or 5 years. And I think it is important that we focus upon the most crucial element of our defense structure. That is manpower.

To the extent that we are going to appropriate billions of dollars for very complex and sophisticated weapons systems, that is important. But it is never going to replace the most important element of Armed Forces structure, and that is the individual. So I think that we ought to be focusing upon ways in which we can attract more highly qualified and more long-term oriented young people—I would say men and women—into the uniform services.

Chairman **Simpson**. Your exhibit was not entered into the official record. Now it has found its way into the pocket of the gentleman I will recognize once again, Senator Randolph. I believe you had a further question?

Senator **Randolph**. Yes, sir. Thank you very much, Mr. Chairman.

I want to ask you, Mr. Cohen, how do you feel about the reinstatement of the draft?

Senator **Cohen**. I have not supported the reinstatement of the draft, and let me give you a long explanation as to why, because there is no easy answer. I know the drum beat for the reinstitution of the draft is growing louder each day. And it is reaching a crescendo, I think, that will lead to serious discussion on the floor of the Senate and the House within the next year.

My own feeling is that the members who point to the draft as a solution to our problems are missing again an important element. There were serious deficiencies even during the draft itself. But my judgment is, after serving for 3 years now on the Armed Service Committee that the most serious problem we face is not necessarily those who are coming in to our services but those who are leaving.

We have had, as Admiral Hayward testified before the committee, a virtual hemorrhage of mid-level, mid-career personnel from our Navy. Now we are talking about going to a 600-ship Navy. And I am certainly going to support that effort.

But the fact is if we can't have qualified personnel to run them, to man them; then it doesn't make any difference how many ships we have to go around the globe. We are seeing a reversal of the tremendous loss of personnel in the Navy by virtue of the pay raise that was passed last year, a significant pay raise for those on submarines and surface ships. It was long overdue.

But that resulted almost immediately in a turnaround of that curve. Obviously that leap upward will not be long lasting as inflation tends to erode those benefits that we passed. But I think it was a very important factor.

Second, we are finding that people who have 10 and 14 years of service are leaving because there are better paying jobs on the outside. And we have the situation in which someone who is serving at sea could be out for months at a time, come back in for just a few days, and then turn around and be shipped back out to sea; coming under tremendous domestic pressures, saying: Look, you have been gone for 18 months now, you have been home for 3 weeks, and you are gone again. You can work as a technician here in a local company, work half the hours and make twice the pay. And you can be home for dinner every night.

That is the kind of problem we are dealing with, and a draft won't cure that. Setting up a draft, bringing in 18- and 19-year-olds on a revolving door basis, will not cure that particular problem.

Now, if it becomes necessary to substantially increase the manpower strength, the end strength and the ultimate base that we have to work from because of increased global commitments, then it may be necessary to in fact turn to a draft. But what I object to is to see this call for a draft being used now. I feel it diverts our attention and our focus from the real critical need of dealing with the issue of retaining qualified personnel.

We cannot simply go back to a draft and say, "That will solve our problems." I have heard it said by a number of members—important members—on the Armed Services Committee, "We have got to stop talking about this pay issue. We have got to deal with our manpower problems."

Well, the answer is that pay is a part of our manpower problem. And my fear has been that by moving prematurely back to a draft will take our attention off that very serious manpower problem, that is retention.

So, if we can deal effectively with the retention problem through efforts such as the GI Bill, through other pay incentives, and we can successfully cure or stop the flow of the hemorrhage and we still find that we are short in manpower, we still find that we are not measuring up in terms of quality, then I think it would be appropriate to talk about a draft.

And, certainly, I would be active in that discussion. But I think right now it is premature; it is unnecessary; and it would unduly divert us from the focus that we have to maintain.

Senator **Randolph**. Senator, you had mentioned males and females. You do feel that it is important, whatever we do, that we do assess the womanpower as well as the manpower in this country; is that correct?

Senator **Cohen**. That is correct. I felt that if we have draft registration, women should be included, and I filed a minority opinion to that end. I think that they should be registered. I do not think that that inevitably leads to the conclusion as suggested by some that if they are required to register, they therefore are required to enter into combat.

I disagree with that. I think we found that one out of seven personnel actually is engaged in an active combat role. It seems to me that those six out of seven positions could be adequately filled by women and have been adequatey filled by women. It is a step backward, away from the recognition that women in fact do provide a valuable service to the country.

Senator **Randolph**. I respect the judgment and conscience of the Members of the Senate, but I was saddened by the fact that they were defeated when Mrs. Kassebaum and others attempted to have the womanpower assessed as well as the manpower in June 1980 when we were considering registration.

Senator **Cohen**. Once again, I would differ somewhat from my predecessor at this seat, Senator Jepsen, when you asked him the question about universal service. Obviously one of the most important factors of universal service is the cost involved.

The minimum figure that I have seen is that it would cost about $25 billion to institute a program of universal service. Now it may be desirable to move to such a program, even recognizing those costs, but it seems to me if we are going to have a form of universal service, then it ought to be across the board, that women ought to be recognized as having the same duties, the same abilities and responsibilities as men do.

If we can have men, but not women, go into various types of noncombat public service to the country, certainly to me it is a step backward in the recognition that women are in fact an equal part of this society.

Chairman **Simpson**. Thank you very much. I recall very clearly that debate on Senator Kassebaum's amendment, and I note that Senator Randolph and Senator Cohen and myself were all part of that, of the support of that amendment.

Just one footnote. In reviewing the 10 pieces of legislation that are before the committee, Bill, yours is the most distinct in one area; and that is the issue of critical military skills or noncritical skills and that definition. And so we are going to pursue that. Your legislation is the one that presents that before us in the most effective way, and we will get back to you, you may be assured. Thank you so much.

Now, Senator Warner. How is that for timing? Works pretty well. John, we would be very appreciative to hear your views about your proposed legislation. I know what great interest you have in and how very effective you have been with the Armed Services Committee and the careful attention you have given to these issues.

So we certainly are pleased to have you here.

TESTIMONY OF HON. JOHN W. WARNER, A U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator WARNER. Mr. Chairman, members of the committee and distinguished guests and all of us who have taken time on this beautiful and glorious summer day to gather here to provide their wisdom toward the solution of this problem. I am grateful.

This past year has seen a reawakening in our Nation to the importance of restoring our Nation's military capabilities. A vital part of this restoration will depend on solving the military manpower problem.

During the last session of Congress, a very substantial number of military experts on manpower provided their wisdom and initiatives were put forward as law. We have seen recent evidence that these overdue initiatives are having a corrective effect.

Just the past day or so, I have been with the Secretary of Defense, the Deputy Secretary, members of the Joint Chiefs of Staff; a dramatic turnaround in the retention, particularly in the career force. And there is some improvement in first-term enlistments. And while I was one of many here in the Congress, I think the Congress can rightly take pride in its actions over the past 24 months to help our Nation's military manpower situation.

But we can't stop now, Mr. Chairman. More needs to be done if we are to insure a capable military force over the long term. I believe that the educational legislation is the next step we must take. And for this reason, Mr. Chairman, I introduced legislation to provide a new program of educational assistance for those who serve in the Armed Forces.

I should like to ask, Mr. Chairman, that that bill together with the full text of my statement be made a part of the record.

Chairman SIMPSON. Without objection.

Senator WARNER. The bill I introduced is designed to provide four basic options, which when taken together will encourage enlistment and improve retention of quality personnel. To qualify for assistance, an enlistee must make a commitment of time and service.

First after 3 years of active duty and a 3-year commitment to the Active Reserve, the enlistee is entitled to 18 months schooling. Second, 36 months of schooling for a commitment of 4 years active duty along with a 4-year service in the Active Reserves.

Fourth, the option allowing the individual to pass his or her 36 months of schooling to a spouse or child after 16 years of active duty. Now that is a key provision, Mr. Chairman. And I do hope that the committee considers that one most carefully as it fashions the final piece of legislation.

The Congressional Budget Office estimates the cost to be about $1 billion a year; if our Nation can afford to make freely available

$4.5 billion a year for educational assistance without any real quid pro quo of service to our country, surely we can afford $1 billion as a reward for good and faithful service to our Nation in uniform.

If there are funding constraints, then the new GI bill should take precedence in my judgment over the civilian program. In fact, it would be my calculation that a part of that $4.5 billion would phase into whatever amount you use for the GI bill. In other words, we are applying it to the same basic pool of man and woman power.

It is important to note that much of the cost would be offset by lower recruiting and training costs and lower attrition rates, which would result in higher portions of recruits per high school graduates.

Several forms of a GI bill have been introduced so there is strong support for a return of this type of legislation. I am anxious to work with the committee to make sure that this needed legislation is brought to reality.

In addition to the need for a new GI bill, Mr. Chairman, we still have another piece of unfinished business. We need to extend the deadline for the current educational benefits although small in comparison, which men and women of the Armed Forces are eligible.

In the last session of the Congress, I introduced legislation to extend these benefits beyond the deadline of December 31, 1989, which is the current law. The Senate in 1980 included the extension as part of the veterans disability compensation and housing benefits amendment of 1980. This provision was deleted by the House and Senate conference.

So today the 1980 deadline is causing a problem of retaining qualified and highly skilled personnel in the armed services by forcing them to choose between continuing their before they expire and are lost. For this reason and others, well known to all of us, I introduced S. 248 to extend the deadline in same manner approved by the Senate in the last session.

In conclusion, I urge the committee to address the problem this year either in future legislation or as an amendment to S. 917, the veterans disability compensation bill, when it comes before the Senate presumably this week.

The passage of the new GI bill and the extension to Vietnam veteran educational benefits are essential if we are to retain a career military force.

Mr. Chairman, I conclude with two personal observations. I am certain that you are aware as most Members of Congress there is a growing sentiment across the Nation that perhaps this country will have to return to a draft. I personally hope that we do not have to return to a peacetime draft.

As you may recall, I was Secretary of the Navy for over 5 years and Undersecretary during the Vietnam war; and I saw at firsthand the inequities of the draft. I am firmly convinced that a man or woman that volunteers for service is there because they want to be there, turns out to be a better soldier, sailor, marine, airman and member of the Coast Guard.

However, I am of the opinion that unless this GI bill becomes law, becomes a reality, then this Nation may be forced to consider once again the need for conscription.

Mr. Chairman, it is a privilege for me to serve in the U.S. Senate. And I say in conclusion, I would not be a U.S. Senator today had it not been for the GI bill that enabled this one American to receive his education in return for service as a sailor in World War II and as a marine during the Korean war.

I shall be everlastingly grateful to my country, and I am proud to be a small part of hoping to give this same type of recognition and help to other Americans. Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you very much. We deeply appreciate your interest.

[The prepared statement of Hon. John W. Warner, a U.S. Senator from the State of Virginia, follows:]

PREPARED STATEMENT OF HON. JOHN W. WARNER, A U.S. SENATOR FROM THE STATE OF VIRGINIA

Mr. Chairman and members of the committee:

This past year has seen a re-awakening in America to the importance of restoring our nation's military capability. A most important part of this restoration is solving our military manpower problems

As every member of this committee knows, manpower is the most important factor in establishing military strength. Without motivated and highly trained personnel in adequate numbers, the finest weapons systems this nation can produce become useless.

By events of the last several months, we have been made painfully aware of the importance of manpower. With shocking regularity, this nation has been told:

-- That six out of 10 Army divisions have been rated "not combat ready" because of shortages in skilled military personnel.

-- That the Army has experienced shortages of as many as 46,000 non-commissioned officers.

-- That, according to Gen. Edward C. Meyer, the Army's chief of staff, we have a "hollow Army."

-- That the Navy has experienced shortage of as many at 20,000 skilled petty officers.

-- That the Navy ship, Cannisteo, was tied up at the pier and failed to timely deploy to the Mediterranean because of a shortage of skilled petty officers.

These and other shocking revelations showed America that we have very substantial military manpower problems that must be corrected.

To its credit, the Congress responded to these revelations -- and responded quickly.

During the last session of Congress, a very substantial number of military manpower initiatives were enacted. The Nunn-Warner bill was the first of these initiatives, ans it was quickly followed by an 11.7-per cent pay increase, improved medical benefits, the so-called Fair Benefits Package, including Navy sea and submarine pay and enlistment and re-enlistment bonuses, and a number of non-pay initiatives.

(MORE)

We have seen recent evidence that these overdue initiatives are having a corrective effect. Re-enlistment rates are improving and morale has seemed to improve, as well.

However, we -- the Congress -- cannot stop now. We cannot sit back and assume that the problem has been fixed. More needs to be done if we are to insure a capable military force over the long term.

I believe that educational legislation, with benefits commensurate with the World War II and Korean War GI Bills, is the next essential step the Congress must take.

In my view, no single factor will do more to encourage substantial numbers of high-quality men and women to join and remain as careerists in the military than a new GI Bill. Also, a GI Bill, with a provision that earned benefits may be passed on to a spouse or children of a career military man or woman, would be helpful in retaining career people.

For this reason, I introduced legislation in the Senate late in the last session of Congress to provide a new program of educational assistance for those who serve in the armed forces.

I have again introduced the legislation for consideration this year.

I believe it was a serious mistake for the Congress to terminate the GI Bill in 1976. The Army warned Congress that termination would result in recruiting problems.

It was estimated at that time that termination of the GI Bill would reduce the pool of potential recruits by as much as 36.7 per cent. We are now paying a heavy price in the declining quality and overall aptitude of the personnel coming into the military and in the increased costs due to higher attrition of personnel who are unqualified.

The bill I introduced is designed to provide four basic educational assistance options, which -- when taken together -- will encourage enlistment and improve retention of quality military personnel as an incentive for recruitment.

To qualify for educational assistance under terms of my bill, an enlistee would be required to make a commitment of time and service. After three years of active duty and with a three-year commitment to the Active Reserves, the individual would qualify for 18 months of educational assistance.

This option also would be available for those not necessarily interested in formal university-level training but who can benefit from junior-college or technical-school training. There is a critical national shortage of technicians, professional machine and tool designers and skilled medical assistants, as examples, and such training should help alleviate that situation.

(MORE)

The second option is analogous to the original GI Bill in concept and is designed as an incentive for both recruitment and retention. Thirty-six months of educational assistance would be provided to those who make a time and service committee of four years of active duty, along with four years in the Active Reserves.

The third option would provide 36 months of educational assistance to those individuals who remain on active duty for six years before taking advantage of the GI Bill. The Active Reserve committment would be waived. The six years of active duty should help relieve the critical skill shortage at intermediate enlisted personnel levels.

As an additional incentive for retention, a fourth option would be provided, allowing an individual to pass his or her 36-month educational assistance program on to a spouse or child after 16 years have been devoted to active duty.

The costs of this bill have been preliminarily estimated by the Congressional Budget Office to be about $1 billion a year, which is only a small percentage of the amount of taxpayers' funds being spent by the Department of Education in Aid to Higher Education loan and grant programs.

I believe that, if our nation can afford to make freely available in excess of $4.5 billion a year for education assistance without any quid pro quo of service to our country, surely we can afford $1 billion in educational assistance as a reward for good and faithful service to our nation by the young men and women of our nation who serve in our military forces.

If there are funding constraints, then the new GI Bill should take precedence over the civilian program.

Further, it is important to note that much of the cost of a GI Bill would be offset by lower recruiting and training costs, and by savings accruing from lower attrition rates, which would result from higher proportions of recruits who are high school graduates or are from the higher mental categories.

In sum, a GI Bill would be a good investment both in terms of improving our military forces and in improving the educational level and earning potential of millions of Americans.

Several forms of GI Bill legislation have been introduced in this session and, though the details differ, there is strong support for a return to the GI Bill. I am hopeful that this will be the year a new GI Bill is instituted.

I am eager to work with the members of this committee to make sure that this needed legislation is brought to fruition.

In a very real sense, a GI Bill would pay for itself over the long term due to the increased tax revenues resulting from the improved earning potential of those who gain a higher education because of the GI Bill.

(MORE)

This was clearly the case with the World War II, Korean War and Vietnam War GI Bills.

In addition to the need for a new GI Bill, we still have another piece of unfinished business. We need to extend the deadline for GI Bill educational benefits for eligible persons now on active duty in the armed forces.

In the last session of the Congress, I introduced legislation to extend these benefits beyond the deadline of December 31, 1989, contained in the present law.

In 1980, the Senate included the extension as part of the Veterans' Disability Compensation and Housing Benefits Amendments of 1980. This provision was deleted by the House-Senate conference. So today, the 1989 deadline is causing a problem of retaining qualified and highly skilled personnel in the armed services by forcing them to choose between continuing their careers or using their educational benefits before they expire and are lost.

For this reasons, and others well-known to all of us, I introduced S. 248 to extend the deadline in the same manner approved by the Senate in the last session.

I urge the committee to address the problem this year, either in future legislation or as an amendment to S. 917, the Veterans' Disability Compensation Bill, when it comes before the Senate this week. The passage of a new GI Bill and the extension of Vietnam War educational benefits are necessary to attract and retain qualified personnel.

In everlasing gratitude to my country, I freely state that I would not be in the Congress today were it not for the GI Bill I received as a consequence of my naval service from 1944 to 1946 and my Marine service from 1950 to 1952.

I am totally dedicated to seeing that this generation of young Americans receives benefits comparable with those I gratefully received.

* * *

Chairman **Simpson**. You have already targeted an issue which has come up several times in our discussion this morning; that is the issue of transferability, what we will do with that and how we will handle that.

Your bill has some unique provisions there with time of transferability. We appreciate that. And we will review it thoroughly. The other issue on extension will be dealt with in the Veterans' Affairs Committee under separate legislation, but we appreciate having your views on that.

Are there any questions of Senator Warner?

Senator **Randolph**. Mr. Chairman, I regret that I had to be absent during your testimony on account of a phone call from members of my family who have come about 1,500 miles to be here.

I know your position on the draft, so I will not have to ask that. But I do recall that you said you were in a debate in the Senate when that matter was before us, that you didn't want women serving in the trenches. And wherever women serve, they serve with beauty and strength; is that not true?

Senator **Warner**. Yes. Very definitely, Senator Randolph. It is true that I was very strong in my debate on the Senate floor about women serving in combat. It is a personal opinion based on my experience in three wars.

But that view should in no way denigrate the admirable service that women have provided this Nation in uniform since its very formation in our Revolution.

And I have every reason to believe that women will step forward in peacetime as well as war and continue to serve this Nation in many capacities.

However, Senator Randolph, without being presumptuous, I would hope that either the record now reflects or you might comment about your own experience in the Congress of the United States in those cloudy days preceding the advent of World War II when the Congress of the Nation was confronted with the question of the draft.

And I have heard you tell me privately many times that as you stood on the floor of the House of Representatives at that time, that lifesaving measure for this country passed but by a single vote. Am I not correct?

Senator **Randolph**. Yes, the Senator is correct. And earlier today, I did inject that incident; perhaps not for a personal reason but only to indicate that there are times in the history of our country when decisions have to be made. Not all of the votes that we cast in the Senate are important votes. I have cast more than 9,300 votes since I have been on the Hill.

But that was a tough vote for me. And yet in reflection as I felt then, I had a deep-down feeling that it had to be done. And as you have commented now, in a sense it was a lifesaver to us, what we did, as we continued to defend this country.

And I thank you very much for your testimony.

Chairman **Simpson**. Thank you, John. We do appreciate having your views.

Now I believe that Congressman Montgomery is here. Yes, he is. And it is my particular pleasure to introduce the chairman of the House Committee on Veterans' Affairs, my counterpart in the other body; as chairman of the House committee and the chairman of the Senate committee we were both invested with our new duties in January of this year.

That has been a rather fascinating experience for both of us, and I really have enjoyed my association and my time with Congressman Montgomery; I am really looking forward to that in the future. Nice to have you here, and we will appreciate your views. You are the ones that are breaking the ground in this area, and we have 10 bills to process, and we will very much appreciate having your views.

TESTIMONY OF CONGRESSMAN G. V. "SONNY" MONTGOMERY, CHAIRMAN, COMMITTEE ON VETERANS' AFFAIRS, U.S. HOUSE OF REPRESENTATIVES, ACCOMPANIED BY FRANCIS W. STOVER, DEPUTY CHIEF COUNSEL, COMMITTEE ON VETERANS' AFFAIRS

Congressman **Montgomery**. Thank you, Mr. Chairman. Thank you for those very kind words. As you and I have said over and over again, we are new chairmen. We are both tall, and we can handle it OK. I have certainly enjoyed working with you, and it is certainly a grave responsibility. We have had fun in doing our work, too. It is very, very important.

And I see Senator Randolph and the Senate staff here that we have worked with.

Mr. Chairman, I will be very brief. I would like to submit my statement for the record on the bill that I have introduced, H.R. 1400, which is called the "GI Education Bill of the 1980's." I will make just a few brief comments.

Chairman Simpson. Without objection.

Congressman Montgomery. Thank you for having this hearing today, and I strongly rise in support of the bill that I just mentioned, H.R. 1400, which was reported favorably by a unanimous vote in the House Veterans' Affairs Committee. This bill has joint referral to the House Armed Services Committee.

We have 25 cosponsors of H.R. 1400 from the House Armed Services Committee. The bill will receive favorable approval in the House Armed Services Committee by my opinion if we can just bring it up. As the ranking member of the Personnel and Compensation Subcommittee where the bill has been referred and hearings are being held, I am working to that end. It is needed and that is why it is important that H.R. 1400 move forward.

Mr. Edgar of Pennsylvania, who is the chairman of the Subcommittee on Education, Training, and Employment of the House Veterans' Affairs Committee, appeared before this committee today in strong support of the bill. Bob Edgar and I don't vote the same all the time in Congress; but we are certainly supportive of this educational bill. And he thinks it is needed and so do I.

I have a statement in my remarks about Gen. Edward C. Meyer, Chief of Staff of the Army. He came before our committee and made a very strong statement in behalf of an educational benefits bill for members of the Armed Forces, and I point this out to your committee.

The bill we have has four points. It has a $300 for 36 months paid by the Veterans' Administration. For an additional 36 months, $300 that would be paid by the military. A key point in our bill is transferability, to help retain permanent personnel in the service as provided in H.R. 1400 certain persons could transfer these benefits to the spouse or to one of their children.

A provision not in H.R. 1400 that I would offer as an amendment, Mr. Chairman, when the bill comes up before the Armed Services Committee pertains to the National Guard and Reserve. As you know, well over 45 percent of our missions in combat now are assigned to the Reserve Forces.

This is not in the bill, but my proposed amendment would give better educational benefits for the Guard and Reserve. It has been worked out with the National Guard Bureau and the Reserve Forces. My proposed amendment would in effect give $140 a month to a guardsman or reservist who had good service and was in the Reserve or Guard for at least 6 years.

I want to point out this amendment, Mr. Chairman, because it is not presently in the bill as reported by the Veterans' Affairs Committee. Since it relates to the Armed Forces it should be considered by the Armed Services Committee. It will help the National Guard and the Reserve. And as I said earlier, that well over 45 percent of all the combat missions we have assigned to our military forces are now in the Reserve Forces.

In closing, the Director of the Budget Office, Ms. Alice Rivlin, has made a strong statement regarding educational incentives for the military forces which I would like to put in the hearing record. Ms. Rivlin's statement in effect points out that yes, the pay raises will help in keeping our numerical numbers up in the military, but we are going to need other incentives in other areas to attract qualified people into the service. Just pay raises are not going to do it.

And we think this GI education bill is the answer. I support a draft or limited draft. I have gone on the record like that. I think this GI education bill is the last effort to make the All-Volunteer Forces work, Mr. Chairman.

Thank you very much.

Chairman SIMPSON. I appreciate that very much. And I can't help but believe that there are other tools. But certainly as you say, education is one; and pay.

[The prepared statement of Congressman G. V. "Sonny" Montgomery, chairman, Committee on Veterans' Affairs, U.S. House of Representatives, follows:]

PREPARED STATEMENT OF G. V. (SONNY) MONTGOMERY, CHAIRMAN, COMMITTEE ON VETERANS' AFFAIRS, U.S. HOUSE OF REPRESENTATIVES

MR. CHAIRMAN, I APPRECIATE THE PRIVILEGE OF APPEARING BEFORE THIS DISTINGUISHED COMMITTEE TO TESTIFY IN SUPPORT OF H.R. 1400, THE VETERANS' EDUCATIONAL ASSISTANCE ACT OF 1981, A BILL JOINTLY REFERRED TO THE HOUSE COMMITTEES ON VETERANS' AFFAIRS AND ARMED SERVICES. THE BILL WAS REPORTED BY OUR COMMITTEE ON MAY 19, 1981, AND THE SUBCOMMITTEE ON MILITARY PERSONNEL AND COMPENSATION OF THE HOUSE ARMED SERVICES COMMITTEE IS CURRENTLY HOLDING HEARINGS ON THE BILL. THE BILL HAS 125 COSPONSORS, INCLUDING 25 MEMBERS OF THE ARMED SERVICES COMMITTEE. I MENTION THIS TO POINT OUT THE STRONG SUPPORT FOR THE BILL IN THE HOUSE.

THE BILL, AS REPORTED BY OUR COMMITTEE, GENERALLY TRACKS THE PROVISIONS OF THE BILL WHICH I INTRODUCED ON JANUARY 28. THE AMENDMENTS PROPOSED BY THE DISTINGUISHED CHAIRMAN OF THE

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT, MR. BOB EDGAR OF PENNSYLVANIA, WERE STRONGLY SUPPORTED BY ME. THE AMENDMENTS WERE OFFERED BY MR. EDGAR FOLLOWING EXTENSIVE HEARINGS BY THE SUBCOMMITTEE AND, IN MY VIEW, PARALLEL VERY CLOSELY THE VIEWS EXPRESSED BY THE OVERWHELMING MAJORITY OF WITNESSES WHO TESTIFIED BEFORE THE SUBCOMMITTEE DURING SIX FULL DAYS OF HEARINGS.

MR. CHAIRMAN, IN THE HOUSE I AM ONE OF THE LEADING ADVOCATES FOR REINSTATEMENT OF THE DRAFT. I HAPPEN TO BELIEVE THAT THE DRAFT IS THE REAL SOLUTION FOR THE RECRUITMENT AND RETENTION PROBLEMS AFFECTING OUR ARMED SERVICES TODAY; HOWEVER, I RECOGNIZE THAT GIVEN THE CURRENT SENTIMENT IN THE CONGRESS, AND THE PRESIDENT'S UNWILLINGNESS TO SEEK REINSTATEMENT OF THE DRAFT AT THE PRESENT TIME, WE MUST LOOK AT ALTERNATIVE WAYS TO COPE WITH THE EXISTING PROBLEMS.

I BELIEVE THE ENACTMENT OF H.R. 1400 WILL ENHANCE THE QUALITY OF PERSONNEL COMING INTO THE ARMED FORCES. IN ADDITION, AND EQUALLY IMPORTANT, THE BILL CONTAINS INCENTIVES THAT, IF

ENACTED, WILL ENCOURAGE MANY MEMBERS WHO WOULD OTHERWISE BE LEAVING THE SERVICE TO REMAIN ON ACTIVE DUTY AND COMPLETE THEIR CAREERS AS MEMBERS OF THE ACTIVE FORCES.

LAST YEAR DURING HEARINGS BEFORE THE COMMITTEE ON ARMED SERVICES ON MILITARY POSTURE, GENERAL EDWARD C. MEYER, CHIEF OF STAFF OF THE ARMY, VOLUNTEERED TO APPEAR BEFORE THE COMMITTEE TO EXPRESS HIS STRONG SUPPORT FOR SOME FORM OF GI EDUCATION FOR THE ALL-VOLUNTEER FORCE. RECRUITMENT AND RETENTION PROBLEMS IN THE ARMY WERE SO GREAT AT THAT TIME THAT HE WAS WILLING TO TESTIFY IN SUPPORT OF EDUCATIONAL INCENTIVES FOR ARMED SERVICES PERSONNEL, EVEN THOUGH THE OFFICE OF MANAGEMENT AND BUDGET OF THE PRIOR ADMINISTRATION DID NOT SUPPORT IT. THE FOLLOWING PARAGRAPH SUMMARIZES GENERAL MEYER'S FEELINGS:

"I BELIEVE WE NEED A NEW COMPREHENSIVE SOLDIERS' EDUCATION BENEFITS PACKAGE. WE NEED IT TO RESTORE THE ATTRACTIVENESS OF ARMY EDUCATIONAL OPPORTUNITIES. WE NEED IT TO PROVIDE HIGH SCHOOL GRADUATES WITH A STRONG INCENTIVE TO ENLIST. WE NEED IT TO

RETAIN CAREER SOLDIERS, SUCH AS THE MIDDLE MANAGER AND NONCOMMISSIONED OFFICERS WHO TRAIN AND LEAD THE FORCE. WE NEED IT TO PROVIDE QUALIFIED PERSONNEL TO MAN AND MAINTAIN THE NEW EQUIPMENT AND SYSTEMS OF THE 1980'S. WE NEED IT TO PROVIDE A CREDIBLE PACKAGE OF POSTSERVICE EDUCATIONAL BENEFITS WHICH WILL MEET INDIVIDUAL EDUCATIONAL ASPIRATIONS." IN TESTIMONY BEFORE THE HOUSE VETERANS' AFFAIRS COMMITTEE EARLIER THIS YEAR, GENERAL MEYER AGAIN EXPRESSED STRONG SUPPORT FOR AN EDUCATIONAL INCENTIVES BILL.

MILITARY COMMANDERS OVERSEAS (INCLUDING NONCOMMISSIONED OFFICERS) TIME AND TIME AGAIN, HAVE INDICATED THAT AN EDUCATION BILL WOULD DO MORE THAN ANYTHING ELSE TO ATTRACT QUALITY PERSONNEL AND TO RETAIN KEY NONCOMMISSIONED OFFICERS IN ALL BRANCHES OF THE MILITARY SERVICES. IT IS FOR THESE REASONS, MR. CHAIRMAN, THAT I INTRODUCED H.R. 1400 AND HELPED GUIDE IT THROUGH THE VETERANS' AFFAIRS COMMITTEE. LET ME BRIEFLY EXPLAIN WHAT H.R. 1400, AS AMENDED, WOULD DO.

FIRST, THE BILL WOULD EXTEND FOR TWO ADDITIONAL YEARS, THE CURRENT ONE-YEAR LOAN FORGIVENESS TEST PROGRAM ALLOWING THE SECRETARY OF DEFENSE TO CONTINUE TO PAY OFF THE EDUCATION LOANS OF INDIVIDUALS WHO COMMIT THEMSELVES TO SERVICE AFTER HAVING OBTAINED THE FEDERAL BENEFIT TO GO TO SCHOOL PRIOR TO JOINING THE SERVICE. TESTIMONY REVEALED THAT THE PILOT PROGRAM HAD BEEN SUCCESSFUL AS A RECRUITMENT DEVICE. AN AMENDMENT TO THE DOD AUTHORIZATION BILL FOR 1982, H.R. 3519, WHICH IS IDENTICAL TO THE LANGUAGE IN H.R. 1400, PROVIDING FOR THE EXTENSION OF THIS PILOT PROGRAM, WAS APPROVED BY THE HOUSE ON JULY 9, 1981.

SECOND, THE BILL WOULD PROVIDE $300 PER MONTH FOR 36 MONTHS OF ACTIVE DUTY SERVICE IN THE ALL-VOLUNTEER FORCE. THE BENEFIT WOULD BE MADE AVAILABLE ONLY TO HIGH SCHOOL GRADUATES OR THOSE WHO RECEIVE THE EQUIVALENT OF A HIGH SCHOOL CERTIFICATE. THE OBVIOUS INTENT IS TO SEEK OUT AND RECRUIT THESE INDIVIDUALS TO ENHANCE THE QUALITY OF SERVICE PERSONNEL. THE INDIVIDUAL COULD BEGIN TO USE HIS OR HER ENTITLEMENT AFTER 24 MONTHS OF SERVICE; HOWEVER, IF THE INDIVIDUAL WAS DISCHARGED FOR CAUSE PRIOR TO COMPLETION OF 36 MONTHS OF SERVICE, SUCH INDIVIDUAL WOULD NOT BE ELIGIBLE TO RECEIVE BENEFITS FROM THE DATE OF DISCHARGE OR RELEASE. THE BILL DEMANDS GOOD SERVICE IN ORDER TO RECEIVE BENEFITS AND FOR THE FIRST TIME THE VETERANS' AFFAIRS COMMITTEE IS PROPOSING THAT THE INDIVIDUAL RECEIVE AN HONORABLE DISCHARGE IN ORDER TO BE ENTITLED TO RECEIVE BENEFITS AFTER ACTIVE DUTY SERVICE.

THE MEASURE WOULD ALSO ALLOW AN INDIVIDUAL TO RECEIVE THE MAXIMUM ENTITLEMENT (36 MONTHS) FOR TWO YEARS OF ACTIVE DUTY AND FOUR YEARS IN THE SELECTED RESERVE OR NATIONAL GUARD. I FEEL WE MUST INCLUDE MAXIMUM INCENTIVES FOR PARTICIPATION IN THE SELECTED RESERVE AND THE NATIONAL GUARD BECAUSE THESE TWO PROGRAMS ARE SUFFERING SEVERE SHORTAGES OF CRITICAL PERSONNEL. THE RESERVE AND NATIONAL GUARD PROGRAMS ARE VITAL TO OUR TOTAL FORCE CONCEPT.

MR. CHAIRMAN, THIS BASIC ALLOWANCE FOR THE INDIVIDUAL'S INITIAL SERVICE COMMITMENT WOULD BE PAID BY THE VETERANS ADMINISTRATION.

THIRD, IF AN INDIVIDUAL SATISFACTORILY COMPLETES THE FIRST ENLISTMENT PERIOD AND AGREES TO SERVE AN ADDITIONAL THREE YEARS, SUCH INDIVIDUAL WOULD BE ENTITLED TO AN ADDITIONAL $300 PER MONTH FOR EACH MONTH OF SUCH SERVICE. IN OTHER WORDS, FOR SIX YEARS OF GOOD ACTIVE DUTY SERVICE, OR FOUR YEARS PLUS EIGHT YEARS IN THE SELECTED RESERVE, AN INDIVIDUAL WOULD BE ENTITLED TO $600 PER MONTH FOR 36 MONTHS.

THE COST OF THIS PROVISION OF THE BILL WOULD BE PAID BY THE DEPARTMENT OF DEFENSE, SINCE IT IS A RETENTION PROVISION DESIGNED TO ENCOURAGE LONGER ENLISTMENTS.

THE MAXIMUM ENTITLEMENT SHALL NEVER EXCEED 36 MONTHS. FOR THREE YEARS OF ACTIVE DUTY, THE INDIVIDUAL WILL BE ELIGIBLE TO RECEIVE $300 PER MONTH OR $10,800 TO HELP PAY FOR HIS OR HER EDUCATION. FOR SIX YEARS OF ACTIVE DUTY, THE INDIVIDUAL WILL BE ELIGIBLE TO RECEIVE $600 PER MONTH OR $21,600, THE MAXIMUM BENEFIT.

FOURTH, THE COMMITTEE BILL IS DESIGNED TO RETAIN THE CRITICAL NONCOMMISSIONED OFFICER PERSONNEL THAT ARE CURRENTLY

LEAVING THE SERVICES IN GREAT NUMBERS AFTER 8 TO 10 YEARS. IN TESTIMONY BEFORE THE COMMITTEE, MILITARY COMMANDERS STRESSED OVER AND OVER AGAIN THE NEED TO PROVIDE ADDITIONAL INCENTIVES FOR NONCOMMISSIONED OFFICER PERSONNEL IN ALL BRANCHES OF THE SERVICE, ESPECIALLY IN THE AIR FORCE AND THE NAVY. THE BILL WOULD PROVIDE THAT IF A PERSON SERVES IN THE ALL-VOLUNTEER FORCE FOR TEN YEARS, SO LONG AS HE OR SHE CONTINUES TO SERVE, SUCH INDIVIDUAL MAY TRANSFER HIS OR HER ENTITLEMENT TO THE SPOUSE OR CHILD.

MR. CHAIRMAN, IN DRAFTING H.R. 1400, I HAD INTENDED THAT THIS PROVISION ONLY APPLY TO INDIVIDUALS WHO COMPLETE AT LEAST EIGHT YEARS OF SERVICE AND WHO CONTINUE TO SERVE IN CRITICAL SKILL POSITIONS. IN OTHER WORDS, REALIZING WE MUST BE VERY CAREFUL WITH FEDERAL OUTLAYS, LIMITED FUNDS WOULD HAVE BEEN TARGETED TO FILL CRITICAL SKILLS. HOWEVER, AFTER EXTENSIVE HEARINGS IN WASHINGTON AND IN THE FIELD, THE CHAIRMAN OF OUR SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT, MR. EDGAR, AND THE RANKING MINORITY MEMBER OF THE SUBCOMMITTEE, MRS. HECKLER, RECOMMENDED THAT THIS PROVISION OF THE BILL APPLY TO ANY MEMBER OF THE ARMED FORCES WHO COMPLETES 10 YEARS OF SERVICE. THEIR RECOMMENDATION WAS BASED ON THE COMMENTS OF THE HIGHEST RANKING POLICY-MAKING OFFICIALS IN ALL MILITARY SERVICES, AND COMMISSIONED OFFICERS AND NONCOMMISSIONED OFFICERS AS WELL. EVERYONE WHO TESTIFIED BEFORE THE SUBCOMMITTEE WAS IN TOTAL AGREEMENT THAT THE PROVISION SHOULD NOT BE LIMITED TO CRITICAL SKILLED POSITIONS.

OF COURSE, THIS MAKES THE BILL MORE COSTLY AND SUCH COSTS WILL BE PAID BY THE DEPARTMENT OF DEFENSE. I SUPPORT THE EXTENSION OF THIS PROVISION AS PROPOSED BY MR. EDGAR AND MRS. HECKLER BASED ON THE HEARING RECORD; HOWEVER, I RECOGNIZE SINCE THE DEPARTMENT OF DEFENSE, UNDER OUR BILL, MUST BEAR THE COST FOR THIS PROVISION OF THE BILL, THE HOUSE COMMITTEE ON ARMED SERVICES IS THE PRIMARY HOUSE COMMITTEE TO MAKE THIS DECISION AND I SHALL SUPPORT OUR ARMED SERVICES COMMITTEE RECOMMENDATION ON THIS ISSUE. AS STATED PREVIOUSLY, THE COMMITTEE IS CURRENTLY HOLDING HEARINGS ON THE BILL.

THE FINAL PROVISION OF THE BILL WOULD PROVIDE FOR AN EDUCATIONAL LEAVE PROGRAM FOR THOSE WHO WISH TO PURSUE THEIR EDUCATION AND RETURN TO ACTIVE DUTY. IT WOULD BE DISCRETIONARY AND THE SECRETARIES OF THE SERVICES WOULD DETERMINE THE NUMBER OF INDIVIDUALS THAT WOULD BE AUTHORIZED TO TAKE A LEAVE OF ABSENCE FROM SERVICE. AS YOU KNOW, MR. CHAIRMAN, A SIMILAR PROGRAM CURRENTLY EXISTS IN THE SERVICES.

DURING HEARINGS BEFORE OUR COMMITTEE, IT WAS CLEARLY ESTABLISHED THAT THE MILITARY SERVICES ARE EXPERIENCING GREAT DIFFICULTY IN FILLING CERTAIN POSITIONS IN THE SELECTED RESERVE AND NATIONAL GUARD. H.R. 1400 IS DESIGNED TO HELP SOLVE SOME OF THE CURRENT RECRUITMENT AND RETENTION PROBLEMS IN THESE PROGRAMS, BUT I THINK WE MUST DO MORE. IN THAT REGARD, ON JUNE 23, 1981, I INTRODUCED H.R. 3997, A BILL THAT WOULD EXPAND THE TITLE 10 EDUCATIONAL INCENTIVE PROGRAM NOW IN PLACE FOR INDIVIDUALS WHO AGREE TO COMMIT THEMSELVES TO 6 YEARS OF SERVICE IN THE SELECTED RESERVE OR NATIONAL GUARD.

THE RESERVE COMPONENTS CURRENTLY HAVE A DISCRETIONARY EDUCATION PROGRAM. PARTICIPATION IS LIMITED TO THOSE INDIVIDUALS WITH NO PRIOR MILITARY SERVICE WHO ENLIST IN A HIGH PRIORITY UNIT OR WHO ENLIST IN CRITICAL SKILL AREAS. THIS PROGRAM PAYS THE ACTUAL COST OF TUITION, FEES, AND BOOKS UP TO $1,000 IN ANY 12-MONTH PERIOD FOR A MAXIMUM OF $4,000.

ALTHOUGH THE RESERVE COMPONENTS HAVE MADE SOME ADVANCEMENT AS A RESULT OF THIS PROGRAM, I BELIEVE THAT WE NEED A BROADER, MORE COMPREHENSIVE PROGRAM FOR WHICH ALL MEMBERS OF THE RESERVE COMPONENTS WILL BE ELIGIBLE. H.R. 3997 WOULD APPLY TO OFFICERS AND ENLISTED PERSONNEL WITHOUT REGARD TO PRIOR SERVICE AND WOULD BE AN ENTITLEMENT PROGRAM. THE MEASURE WAS WORKED OUT IN CLOSE CONSULTATION WITH INDIVIDUALS FAMILIAR WITH CURRENT RECRUITMENT AND RETENTION PROBLEMS IN THESE PROGRAMS. AS INTRODUCED, H.R. 3997 WOULD REQUIRE:

1) THE INDIVIDUAL TO BE A HIGH SCHOOL GRADUATE OR TO HOLD AN EQUIVALENCY CERTIFICATE.

2) COMPLETION OF INITIAL ACTIVE DUTY TRAINING AND COMPLETION OF 180 DAYS IN A SELECTED RESERVE UNIT BEFORE BENEFITS COULD BE UTILIZED.

3) THE INDIVIDUAL TO AGREE TO SERVE A MINIMUM OF 6 YEARS IN THE SELECTED RESERVE AFTER SEPTEMBER 30, 1981.

TERMS OF THE PROGRAM INCLUDE PAYMENT FOR UP TO 36 MONTHS OF $140 A MONTH FOR FULL-TIME STUDIES; $105 A MONTH FOR 3/4 TIME; $70 A MONTH FOR 1/2 TIME, AND UP TO $35 A MONTH FOR 1/4 TIME. THE BILL WOULD LIMIT STUDY TO INSTITUTIONS OF HIGHER LEARNING OR NON-COLLEGE, POST-SECONDARY STUDY. EDUCATIONAL ASSISTANCE WOULD TERMINATE UPON SEPARATION FROM THE SELECTED RESERVE. SHOULD A PARTICIPANT FAIL TO PARTICIPATE SATISFACTORILY IN TRAINING, HE OR SHE MAY BE ORDERED TO ACTIVE DUTY FOR THE REMAINDER OF THE OBLIGATED PERIOD OF SERVICE, BUT NOT FOR MORE THAN 2 YEARS, OR BE REQUIRED TO REFUND A PRO-RATA SHARE OF THE ASSISTANCE USED, PLUS INTEREST.

I HAVE BEEN ADVISED INFORMALLY THAT ENACTMENT OF H.R. 3997 WOULD COST ABOUT $8.7 MILLION IN FISCAL YEAR 1982 AS COMPARED WITH CURRENT TITLE 10 PROGRAM COSTS OF $6 MILLION.

MR. CHAIRMAN, WE ALL KNOW THE VITAL ROLE THE SELECTED RESERVE PLAYS IN OUR TOTAL FORCE CONCEPT. SO LONG AS WE HAVE AN ALL VOLUNTEER FORCE, IT IS IMPERATIVE THAT THE SELECTED RESERVE ATTRACT SUFFICIENT MEMBERS TO MEET ITS QUOTAS, AND ESPECIALLY MEMBERS IN THE CRITICAL SKILLS AREA NEEDED FOR OUR DEFENSE POSTURE.

IT IS MY INTENTION TO OFFER THE PROVISIONS OF H.R. 3997 AS AN AMENDMENT TO H.R. 1400, WHEN AMENDMENTS ARE CONSIDERED BY THE HOUSE COMMITTEE ON ARMED SERVICES TO H.R. 1400, AS REPORTED BY THE COMMITTEE ON VETERANS AFFAIRS.

MR. CHAIRMAN, WITH YOUR PERMISSION, I ASK UNANIMOUS CONSENT THAT A COPY OF H.R. 3997 AND A COMPARISON OF CURRENT BENEFITS WITH THOSE THAT WOULD ACCRUE UNDER MY BILL, SHOULD IT BE ENACTED, BE PRINTED AS PART OF THE APPENDIX OF THE HEARING RECORD.

MR. CHAIRMAN, SOME RECENT REPORTS IN THE NEWS MEDIA INDICATE THE RECRUITMENT PICTURE LOOKS SOMEWHAT BETTER NOW THAN IT DID

12 TO 18 MONTHS AGO. THE NUMBERS MAY LOOK BETTER; HOWEVER, NO ONE HAS SUGGESTED TO US DURING EXTENSIVE HEARINGS HELD ONLY A FEW MONTHS AGO THAT THE QUALITY OF THE SERVICE IS ANYWHERE WHAT IT SHOULD BE. FOR THAT REASON ALONE, I THINK CONGRESS SHOULD PROCEED TO ADOPT H.R. 1400 WITHOUT DELAY.

MR. CHAIRMAN, BOB EDGAR AND HIS SUBCOMMITTEE HAVE WORKED HARD ON THIS BILL. THEY SPENT MANY HOURS IN HEARINGS. THEY HEARD FROM MORE THAN 100 WITNESSES AND I APPRECIATE HIS LEADERSHIP IN MOVING THIS BILL THROUGH THE COMMITTEE ON VETERANS' AFFAIRS.

AS MR. EDGAR STATED DURING MARKUP OF H.R. 1400 BY THE COMMITTEE ON VETERANS' AFFAIRS, "THIS BILL REPRESENTS THE BEST THAT WE COULD DEVISE." I THINK HE IS RIGHT. IT IS A GOOD BILL. IT IS WORTHY AND IT IS NEEDED. WE THINK OUR HEARING RECORD WILL BEAR THIS OUT. I STRONGLY URGE THIS COMMITTEE TO GIVE SERIOUS CONSIDERATION TO THE PROVISIONS OF H.R. 1400 WHICH, IF APPROVED BY CONGRESS, WILL BE A GIANT STEP TOWARD IMPROVING THE QUALITY OF OUR ARMED FORCES AND THE CAPABILITY OF THE MILITARY TO ATTRACT AND RETAIN THE QUALITY OF PERSONNEL IT NEEDS.

AGAIN, I THANK YOU FOR PERMITTING ME TO EXPRESS MY PERSONAL VIEWS ON H.R. 1400.

Chairman **Simpson**. What are your thoughts about transferability? I am having some grappling with that issue, and we are going to be pursuing it very carefully.

It has come up several times today, and it will come up again and again, I know. I just would think we would be most appreciative if you should want to share your thoughts about any form of transferability to spouses and dependents.

Congressman **Montgomery**. Mr. Chairman, let me first say that across the board for everybody it would be very expensive. And a new GI bill would probably be used more than the Vietnam bill was used, which was 65 percent and about 45 percent for Korean and 50 percent of World War II who were eligible to use the GI bill.

This transferability will be an expensive item. But I think it is absolutely necessary in that it is mainly for retention.

We have been out in the field as Mr. Edgar has said, and the commanders, the company commanders, around the country and around the world and also the enlisted personnel tell us that they like the transferability clause. We think it should be for officers as well as enlisted men.

If we could keep as many as 50 aviators in the service on account of this transferability clause and not let them go out and join the commercial airlines or other commercial flying, it would almost pay for the bill.

We find when members of the military are in the service for 10 years and have young children, they don't know how they are going to educate them; the transferability is very good, they like it.

It is good to see Senator Kasten. Bob and I served over in the House. I am sorry I didn't see you earlier. I want to say hello to you if that will be all right for the record. Hope you will vote for our bill, too.

In H.R. 1400 as introduced, transfer of entitlement to dependents was limited to those with critical skills after completing 8 to 12 years of service, but as we got out in the field—and this bill as reported is responsive to what the GI wanted out there. The uniformed service people said why would you have a technician handling the electrical equipment in the headquarters classified as a critical skill; then you send a wireman, person who puts the wires out, lays them out, and he is not classified as skilled or critical. But it is unfair they said since you can't do the job without the guy to go out and lay the wire.

So H.R. 1400 as reported just made it across the board for all eligible service members who have completed 10 years of service.

Chairman **Simpson**. Yes.

Senator **Kasten**. I am happy to see Congressman Montgomery again. It was my pleasure and privilege to serve with him in the House of Representatives. At that time, I used to look up at that board and take his lead on a number of veterans' affairs issues. So I am happy that now we will have a chance to work together once more on what I think is going to be very meaningful legislation.

I would like to follow up on the transferability question brought up by the chairman. It is my understanding that your legislation calls for transferability as long as the individual stays in the service. Is that correct?

Congressman **MONTGOMERY**. That——

Senator **KASTEN**. In other words, he can transfer it to his son or daughter as long as he or she remains in active service. Is that right?

Congressman **MONTGOMERY**. Or reaches retirement age; that is correct. Or retirement.

Senator **KASTEN**. Oh, and reaches retirement age. Upon retirement age, does the transferability still go to a son or daughter? In other words, after you are retired, do you still have the ability to transfer entitlement, or do you lose your transferability at that point?

Congressman **MONTGOMERY**. That would be 10 years. It would be eligible for 10 years. He has earned this after 10 years in the service. Then he would have 10 years to transfer it.

The staff corrects me on that. He would even have 10 years after his retirement.

Senator **KASTEN**. So we have essentially three cutoffs. You have 10 years of active duty. And then from 10 years of active duty to 20 years of active duty, assuming retirement in 20 years; you then have transferability as long as you are in the service. And after 20 years of active duty, then retirement, you then have an additional 10 years. And during that time, even though you are not in active service, you may transfer those benefits on to a son or daughter. Is that correct?

Congressman **MONTGOMERY**. That is correct. That is correct.

Senator **KASTEN**. Thank you, Mr. Chairman.

Chairman **SIMPSON**. Yes, Jennings.

Senator **RANDOLPH**. Thank you. Thank you, Alan.

We have the opportunity and responsibility so often to meet with our colleagues in the House. But those are usually in conferences after the Senate and the House have passed measures and we have come together to try to fit the parts into a final bill hopefully the President can sign.

I thank you, Mr. Chairman, for perhaps being the leading force in asking Chairman Montgomery and the member of the Veterans' Affairs who serves with him, Representative Edgar, to hear their counseling with us at this stage during consideration in this body of the legislation that is very important. Thank you.

Chairman **SIMPSON**. I think it is very important for us to have the benefit of their views at this time. They are the ones who have invested a tremendous amount of time and energy in hearings and listening to witnesses, and that has been most helpful to us.

And we have a rollcall vote halfway through. Senator Thurmond will be coming to take over the hearing process for a bit. I want to thank you again, Sonny, and I want to thank you particularly for your help and assistance of you and all of your staff on this reconciliation process that we are going through right now, which is certainly unique and anguishing all at the same time. And I really, I think we are close to producing a result there, a $24 billion budget. And I thank you for your fine support and assistance and cooperation. I will really be looking forward to working with you on this new GI bill; and if you will let us know when you think that—when you have a feel as to when this—House bill 1400 will come out of that sequential referral to the Armed Services

Committee. Since you are a member of that committee too, if you will just keep us advised, we will certainly keep you closely advised as to our schedule here.

Congressman **Montgomery**. I would hope that we would bring the bill out in September. And you could get it at the end of this year or the first of next year if possible, Mr. Chairman.

Chairman **Simpson**. Thank you so much.

Congressman **Montgomery**. And I would like the record to show Mr. Stover of our staff was with me this morning.

Chairman **Simpson**. It is nice to have you, Mr. Stover. Thank you.

Mr. **Stover**. Thank you, sir.

Chairman **Simpson**. Let's proceed with the introduction of Mr. Lawrence Korb, the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics. Thank you for your patience, sir, and we are very much looking forward to your testimony.

I have had the opportunity to review it. It is of great interest to us. So please proceed.

TESTIMONY OF DR. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE (MANPOWER, RESERVE AFFAIRS AND LOGISTICS), U.S. DEPARTMENT OF DEFENSE

Dr. **Korb**. Thank you, Mr. Chairman. I don't mind waiting at all. I learned an awful lot from the distinguished Senators and Congressmen who appeared before me.

I am pleased to appear before the committee to discuss the Reagan administration's position on educational benefits for members of the Armed Forces, or as they are sometimes known, GI bill benefits.

As you know, the administration supports educational benefits for military members. The President, the Secretary of Defense, and the Deputy Secretary of Defense are all on record in favor of some type of educational benefit for service members.

However, it is important to keep in mind that education benefits for military members cannot be considered in isolation. The Department offers many other incentives. Enlistment bonuses up to $5,000 can be used to recruit for hard-to-fill specialties.

We have requested authority to pay higher enlistment bonuses and make smaller bonus payments available to those who enlist for less than 4 years. Reenlistment bonuses are also available to alleviate shortages in selected skills.

Chairman **Simpson**. Excuse me, Dr. Korb. I just want to personally apologize. I must go vote. I thought Senator Thurmond would be back and he is on his way here. Please proceed. The chief counsel and staff director will be here and Senator Thurmond will be here momentarily. I personally apologize. I wish it were not so, but it is. Thank you.

Mr. **Bergquist** [presiding]. Please continue, Dr. Korb.

Dr. **Korb**. Other pay and allowances include such items as overseas station allowances, separation pay, sea pay, hazardous duty pay, and the variable housing allowance.

The Defense Department is interested in an educational program to encourage both the recruiting and retention of high quality personnel for the Active and Reserve total force. In no way, however, should it be construed that the enactment of a permanent education program is the first step on the road to conscription.

The old GI bill was enacted in response to the draft and used as a readjustment benefit for the military. A new educational program will be enacted in response to the AVF and used by the services in the best way possible as a tool to help their recruiting and retention needs.

These two needs, however, are often conflicting: How can we encourage young persons to perform military service to earn special educational benefits and then, only a few years later, discourage them from leaving the service in order to use these benefits? We need to tailor educational benefit programs to retain those personnel who are most needed by the services. In-service use of these benefits, which has been popular, is sometimes difficult to reconcile with the limited amount of time available to many members.

All of the services offer programs that provide an educational leave of absence to selected individuals who are nearing degree completion. Unfortunately, eligibility for these programs must be restricted since we cannot afford to allow all those interested to be absent from military duty.

Transferability, another proposed retention tool which has been commented on extensively this morning, raises several questions. If this benefit is offered early in a member's career he or she is less likely to have dependents to take advantage of it. If it is offered later it is a wasted benefit since members typically have made their career decision.

In addition, several equity issues are posed: Should we offer dependents benefits that previously were available only to members or their survivors, and should dependents who have never served in the military receive the same benefits as those who actually did and have served their country?

The Department must also be fiscally responsible to the taxpayer. The recent electoral mandate by the American people for a stronger national defense can be carried out only if we spend Federal dollars efficiently. An across-the-board educational assistance entitlement to all members of the Armed Forces could cost anywhere from $2 to $5 billion annually. These sums might be well spent if they contribute to the recruitment and retention goals for a viable and healthy All-Volunteer Force. But the Defense Department cannot support such expenditures if they do not help us recruit and retain the personnel we need.

As you know, the Defense Department, at congressional insistence, is conducting a 1-year test of several different types of educational assistance: Noncontributory programs of different amounts, one of which provides for transferability and cash-out; a contributory program with large Department of Defense monetary add-ons or kickers; and loan repayment. We have implemented this test program in different areas of the country to qualified individuals in all the services.

All services have participated in the test program, but the Army has had the broadest set of occupational specialties eligible for the test. The preliminary findings suggest that the Army's generous VEAP kickers, combined with the wider range of skills from which to choose, have expanded the Army's market for high-quality recruits without adversely affecting recruiting in the other services.

Preliminary results from the other test program options, the so-called sections 901 and 903 of last year's authorization act, are less clear cut at this time. There is some evidence that both the Air Force and Navy have increased their numbers of high-quality recruits under both programs. The Army, however, does not appear to have benefited to any significant degree from either program.

As I prefaced my remarks, it is still too early to draw any conclusions from these preliminary results. The lack of a strong Army response might simply reflect the greater difficulty that the Army has had in implementing the test programs, compared to the other services.

Or the Army results might suggest that high-quality recruits' enlistment decisions are affected when comparing educational benefits among the services.

Relative to the other services, the Army does not offer enlistees a wide range of opportunities to develop skills that are easily transferred to civilian employment. This may be one of the reasons that the Army historically has exhibited a lower propensity to enlist than the Navy and the Air Force.

The future course of our test program will help us resolve this issue and others. We will obtain several more months' worth of recruiting data before the end of the test to see whether the Army's additional experience with the test program pays off in terms of more quality enlistments and whether results to date for the other services continue. We will have more definitive test results by early September of this year.

We have also conducted two youth surveys. Information from these surveys will become available during the next 6 weeks. The surveys measure awareness of the test opportunities, implementation of the test program, and the likely response of potential recruits to different levels of benefits.

Finally, we are conducting a test of the impact of educational benefits on retention to determine the appeal of transferability of benefits to dependents.

The Department continues to believe that it is premature to consider enactment of any legislation to create a permanent education assistance program at this time.

We do now know what basic benefit levels are adequate to encourage recruitment or are too costly. We do not know at this time whether supplemental or additional benefits will actually encourage those whom we need most and who are in critical skills to remain in service beyond their minimum obligations.

In addition, we are uncertain about legislation which provides benefits to officers who usually have an advanced educational degree that, in many circumstances, has already been subsidized by the Federal Government. In general, we have no problem in recruiting officers although there are problems in retaining pilots, nuclear officers, and engineers.

We cannot yet comment on the transferability and loan forgiveness provisions. Our final test results will give us some information on the value that members place on transferability and loan repayment, so that such provisions can be written into law with more knowledge and certainty about their effectiveness.

We must come to terms with the problem of what new benefits, if any, will be made available to those members who are currently eligible to receive the old GI bill, VEAP, or the test program benefits. Should those who were drafted and fought in the war receive fewer benefits than a peacetime volunteer?

I hope the Congress will consider these equity issues and the administrative costs implicit in administering four separate educational programs for military personnel.

In summary, the Department believes that the current test program will yield information that is essential to the drafting of a permanent educational assistance program. A permanent education program will also be a topic addressed by the military manpower task force, which is already at work.

We ask that you delay action on such a program until early next year when the Department will have analyzed the test results and the administration will submit its own proposal for an educational program to the Congress. In the meantime, as you know, the Department supports an extension of the current veterans educational assistance program, the VEAP, beyond its current termination date of December 31, 1981. The President has sent his recommendation to the Congress and it is supported by both the Department of Defense and the Veterans' Administration.

I do hope we can work together to develop a beneficial program of educational assistance or, as it is sometimes known, the GI bill, for members of the Armed Forces.

Mr. BERGQUIST. Thank you for your testimony, Dr. Korb.

[The prepared statement of Dr. Lawrence J. Korb, Assistant Secretary of Defense, Manpower, Reserve Affairs, and Logistics, Department of Defense, follows:]

PREPARED STATEMENT OF DR. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE (MANPOWER, RESERVE AFFAIRS AND LOGISTICS), DEPARTMENT OF DEFENSE

Mr. Chairman:

I am pleased to appear before your committee to discuss the Administration's position on educational benefits for members of the Armed Forces. The Administration supports educational benefits for military members. The President, the Secretary of Defense and the Deputy Secretary of Defense all are on record in favor of some type of educational benefit for service members.

Education benefits for military members cannot be considered in isolation. DoD offers many other incentives as well. Enlistment bonuses up to $5,000 can be used to recruit for hard-to-fill specialties. We have requested authority to pay higher enlistment bonuses and make smaller bonus payments available to those who enlist for less than four years. Reenlistment bonuses are also available to alleviate shortages in selected skills. Other pay and allowances include such items as overseas station allowances, separation pay, sea pay, hazardous duty pay and the variable housing allowance.

The Defense Department is interested in an educational program to encourage both the recruiting and retention of high quality personnel for the Active and Reserve total force. In no way, however, should it be construed that the enactment of a permanent education program is the first step in the road to conscription. The old GI Bill was enacted in response to the draft and used as a readjustment benefit for the military. A new educational program will be enacted in response to the All Volunteer Force and used by the Services in the best way possible, as a tool to help their recruiting and retention needs.

These two needs, however, are often conflicting: how can we encourage young persons to perform military service to earn special educational benefits and then, only a few years later, discourage them from leaving the service in order to use these benefits?

We need to tailor educational benefit programs to retain those personnel who are most needed by the Services. In-service use of these benefits, which has been very popular, is sometimes difficult to reconcile with the limited amount of time available to many members.

All of the Services offer programs that provide an educational leave of absence to selected individuals who are nearing degree completion. Unfortunately, eligibility for these programs must be restricted since we cannot afford to allow all those interested to be absent from military duty.

Transferability, another proposed retention tool, raises other questions. If this benefit is offered early in a member's career, he or she is less likely to have dependents to take advantage of it; if it is offered later, it is a wasted benefit since members typically have made their career decisions. In addition, several equity issues are posed: should we offer dependents benefits that previously were available only to members or their survivors, and should dependents who have never served in the military receive the same benefits as those who actually do serve their country?

The Department must also be fiscally responsible to the taxpayer. The recent electoral mandate by the American people for a stronger national defense can be carried out only if we spend federal dollars efficiently. An across-the-board educational assistance entitlement to all members of the Armed Forces could cost anywhere from \$2B - \$5B annually. These sums might be well spent if they contribute to the recruitment and retention goals for a viable and healthy All Volunteer Force. But the Defense Department cannot support such expenditures if they do not help us recruit and retain the personnel we need.

The Defense Department is conducting a one-year test of several different types of educational assistance: noncontributory programs of different amounts, one of which provides for transferability and cash-out; a contributory program with large Department of Defense monetary add-ons or kickers; and loan repayment. We have implemented this test program in different areas of the country to qualified individuals in all the Services.

All Services have participated in the test program, but the Army has had the broadest set of occupational specialties eligible for the test. Our preliminary findings suggest that the Army's generous VEAP kickers combined with the wider range of skills from which to choose have expanded the Army's market for high-quality recruits without adversely affecting recruiting in the other Services.

Preliminary results from the other test program options, Sections 901 and 903 of last year's Authorization Act, are less clear-cut at this time. There is some evidence that the Air Force and Navy have increased their numbers of high-quality recruits under both programs. The Army, however, does not appear to have benefited to any significant degree from either program.

As I prefaced my remarks, it is too early to draw any conclusions from these preliminary results. The lack of a strong Army response might simply reflect the greater difficulty that the Army has had in implementing the test programs, compared to the other Services. Or the Army results might suggest that high-quality recruits' enlistment decisions are affected when comparing educational benefits among the Services. Relative to the other Services, the Army does not offer enlistees a wide range of opportunities to develop skills that are easily transferred to civilian employment. This may be one of the reasons that the Army historically has exhibited a lower propensity to enlist than the Navy and the Air Force.

The future course of our test program will help us resolve this issue and others. We will obtain several more months' worth of recruiting data before the end of the test to see whether the Army's additional experience with the test program pays off in terms of more quality enlistments and whether results to date for the other Services continue. We will have more definitive test results by early September of this year.

We have also conducted two youth surveys. Information from these surveys will become available during the next six weeks. The surveys measure awareness of the test opportunities, implementation of the test programs, and the likely response of potential recruits to different levels of benefits. Finally, we are conducting a test of the impact of educational benefits on retention to determine the appeal of transferability of benefits to dependents.

The Department continues to believe that it is premature to consider enactment of any legislation to create a permanent education assistance program at this time.

We do not know what basic benefit levels are adequate to encourage recruitment or are too costly. We do not know at this time whether supplemental or additional benefits will actually encourage those whom we need most and who are in critical skills to remain in service beyond their minimum obligations. In addition, we are uncertain about legislation which provides benefits to officers who usually have an advanced educational degree, that in many circumstances, has already been subsidized by the federal government. In general, we have no problem in recruiting officers although some problem in retaining pilots, nuclear officers and engineers.

We cannot yet comment on the transferability and loan forgiveness provisions. Our final test results will give us information on the value that members place on transferability and loan repayment, so that such provisions can be written into law with more knowledge and certainty about their effectiveness.

We must come to terms with the problem of what new benefits, if any will be made available to those members who are currently eligible to receive the old GI Bill, VEAP or the test program benefits. Should those who were drafted and fought in a war receive fewer benefits that a peacetime volunteer? I hope that the Congress will consider these equity issues and the administrative costs implicit in administering four separate educational programs for military personnel.

In summary, the Department believes that the current test program will yield information that is essential to the drafting of a permanent educational assistance program. A permanent education program will also be a topic addressed by the Military Manpower Task Force, which is already at work. We ask that you delay action on such a program until early next year, when the Department will have analyzed the test results and the Administration will submit its proposal for an educational program to the Congress.

In the meantime, the Department supports an extension of the current Veterans Educational Assistance Program, the VEAP, beyond its current termination date of 31 December 1981. The President sent this recommendation to the Congress on 30 May 1981 and it is supported by both the Department of Defense and the Veterans' Administration.

I hope we can work together to develop a beneficial program of educational assistance for members of the Armed Forces.

Mr. **Bergquist**. Dr. Korb, I will proceed with some of the questions we have prepared for you in anticipation of Senator Thurmond's arrival.

First, I realize that, under laws that were passed last year, the administration is undertaking the tests that you referred to in your testimony. As you indicated, the results of those tests will probably not be completely available until sometime in late September. Is that correct?

Dr. **Korb**. That is correct.

Mr. **Bergquist**. I think that you also realize that there is a fair amount of support and emphasis in this body and in the House in enacting some form of educational assistance program. We have to sort of reconcile that legislative thrust with the need to insure that we have the latest available test results.

Do you have any idea when this committee could be provided with the definitive results?

Dr. **Korb**. I would say sometime in the late fall.

Mr. **Bergquist**. In the late fall? November?

Dr. **Korb**. I would say late November, early December.

Mr. **Bergquist**. I have no way of predicting whether the committee will wish to delay its markup of this bill. But I am quite sure that that will become an issue for committee discussion.

Dr. **Korb**. I think it is important to keep in mind that it was the Congress that mandated these tests. So I think it is only logical that the Congress would want to take a look at the results of this particular test before they proceeded to enact further legislation.

Mr. Bergquist. Far be it from me to accuse the Congress of being consistent. [Laughter.]

We are somewhat interested in the media efforts that were undertaken to advertise these various test programs. Now, living in the Washington area, I understand that this is not an area where these tests were undertaken. Is that correct?

Dr. Korb. That is correct. Washington, D.C. is in the control cell.

Mr. Bergquist. Have you undertaken the necessary studies or samples to determine how effective the media efforts were in those locations where the test efforts were advertised?

Dr. Korb. Yes. As I mentioned in my testimony, we will be conducting a survey both of those who come to the Armed Forces examining and entrance station and in a random youth survey.

Mr. Bergquist. We would also very much appreciate if you would provide for the record, unless you have the information available, the attrition rate for non-high-school diploma recruits versus high school graduates, and if you could apply this education factor as to race and sex.

Dr. Korb. We can provide that for the record.

[Subsequently, the Department of Defense submitted the following information:]

Attrition Rates

PERCENT ATTRITION DURING FIRST 3 YEARS OF SERVICE, NONPRIOR SERVICE ACCESSIONS—BY RACE, SEX, AND HIGH SCHOOL GRADUATE STATUS—FISCAL YEAR OF ENTRY 1977[1]

	Males			Females		
	Black	Other	Total	Black	Other	Total
High school graduates	24.7	23.7	23.9	28.5	37.2	35.8
Nongraduates	42.9	47.0	46.2	37.7	55.7	53.4
Total	30.0	30.9	30.8	29.2	39.0	37.4

[1] Most recent entry cohort that has completed the first 3 years of service.

Mr. Bergquist. We would also like for the record the enlistment data by service for the several months prior to the termination of the old GI bill and the several months immediately succeeding the termination of the GI bill.

Dr. Korb. We can provide that. I think it is important to keep in mind—and this came up this morning several times—that that particular data can be subject to a great deal of misinterpretation.

What happened was there was a great emphasis on the part of the recruiters to get people into the service before the GI bill expiration date. Recruiting stations stayed open much longer hours during December 1976. So it is only natural that we would expect that it would fall off if it peaked at that particular time.

I think if you take a look at recruiting, both before and after, and average it out over a couple of years, you would find out there is not a tremendously significant difference.

I think the other thing also to keep in mind is that it was also in that same period, in the post-1977 period, that we began to let pay and benefits fall much further behind than where they should have been. And the esteem in which the military was held by society also decreased with this erosion of benefits. So while we can furnish the data, I think it is important to keep in mind the context in which they should be used. You would expect, for example, after a store finished a sale on a particular item for the business to fall off when they opened up the next week or the next month. And I think you have to keep that in mind.

[Subsequently, the Department of Defense submitted the following information:]

DECEMBER NPS CONTRACTS (MALE AND FEMALE)

[1975 thru 1978]

	1975	1976	1977	1978
Service:				
Army	15,299	31,304	10,465	10,388
Navy	7,830	16,394	6,807	6,131
USMC	4,713	7,551	3,594	3,188
USAF	4,336	10,444	5,607	4,597
DoD	32,178	65,693	26,473	24,304

Mr. **Bergquist**. I admit to the logic of your reasoning. I will amend the request and just ask for the recruiting data for the 2 years immediately prior and the 2 years immediately thereafter.

I should like to address several questions now regarding statements that you made in your testimony. One of the things that I want to note at the outset is that the Congress faces a difficulty in dealing with manpower issues because of the division of jurisdiction between educational benefits, which are postservice and therefore fall under the jurisdiction of the Veterans' Affairs Committees of the Congress, and all other benefits which are basically administered under the jurisdiction of the Armed Services Committees.

I realize that any reasoned effort to address manpower problems has to consider the issue as a whole, and any efforts made to remedy the problem should be addressed in the totality. This committee is perhaps as interested as the Armed Services Committee in what you are doing in these areas because we want to insure that our efforts are integrated with theirs.

In this vein, you state on page 1 of your testimony that we have requested authority to pay higher enlistment bonuses and make smaller bonus payments available to those who enlist for less than 4 years.

Could you briefly outline for us what you are doing in this bonus area?

Dr. **Korb**. We have requested to seek bonuses of up to $10,000 for people who enlist in primarily the combat arms skills and who come from the higher mental categories and who are high school graduates.

Right now we have the authority to pay a bonus of up to $5,000 to people who fulfill those criteria. You can get that maximum bonus if you enlist for 4 years. We want to give people with those same qualifications and the same aptitude, who enlist in those skills for less than 4 years, a smaller amount.

Mr. **Bergquist**. On page 2 you state that all services offer programs that provide educational leaves of absence. Would you briefly outline for the record what this program is and what is required of the individual in order to undertake the program?

Dr. Korb. Well, basically what you have are programs in the different services, called by different names, such as "Operation Bootstrap." In the Marine corps there is a degree completion program for enlisted personnel, grades E-6 to E-8 that allows the individual up to 18 months to complete a degree in a job-related field. During this time the servicemember receives pay and allowances but pays his own tuition and fees. The Corps requires 3 years of additional service for up to 12 months of school and 4 years of service for 18 months.

The Air Force Bootstrap program allows enlisted personnel up to a year to attend college full time while receiving full pay and allowances. The member pays his own tuition and fees and agrees to a service commitment of three times the educational leave taken.

The Navy Enlisted Education Advancement program was enacted in 1980. They have people who agree to a 6-year reenlistment commencing prior to entering college. The Navy continues pay and allowances; the individual pays tuition and fees.

Mr. Bergquist. You addressed the issue of transferability, and that is the ability to transfer educational benefits earned by a servicemember to one or more of his dependents. On page 2 of your testimony you state that transferability is not wise early in a person's career, and also it is not beneficial late in one's career. Does this mean you prefer transferability at some other period within the serviceman's career or do you oppose the concept of transferability as a whole?

Dr. Korb. As you know, we are testing that right now so that in the future we will have a more complete answer. But the point I was making in the testimony is that early in the career, when the person is going to reenlist for the first time or after 4 years of service and the individual is about 22 years old, it probably does not have much effect on the reenlistment decision.

Later on when the person is usually past the 10-year point, the draw that keeps him in pretty much is the fact that he is getting close to retirement. So the point we are making is that we have to be very careful when talking about transferability to make sure that it does what it is supposed to do.

The indications that we have right now are that at the early stages in the career it does not have much effect on the reenlistment decision and later on there are other things that draw them to stay between 10 and 20 years. However, we are testing that now with the program that the Congress has asked us to test, and if the data should indicate that that conclusion is wrong, we would be prepared to change our mind.

Mr. Bergquist. That raises another related question. Do the services consider that they have a problem of individuals retiring who they would otherwise like to retain on active duty for a period of time?

Dr. Korb. In certain circumstances, yes.

Mr. Bergquist. But that would be a very targeted group and there would be no general——

Dr. **Korb**. Well, I can't give you specific numbers but there are people whom, because of our retirement system, we in effect give an incentive to get out in 20 years but would like to retain for at least some period of time after that. The point is that any type of benefit that encourages that behavior obviously can have people get out whom you might otherwise want to retain.

Mr. **Bergquist**. A lot of the proposals that are before the committee use the transferability as I guess you would call it a tool to encourage retention beyond retirement eligibility. It doesn't necessarily have to be transferability, in itself. But do you think a tool is advisable in order to attempt to encourage service beyond the 20-year eligibility?

Dr. **Korb**. I am not sure that transferability would encourage a person to stay beyond 20 years because, at least as I see the way in which it has been framed, there is no incentive one way or the other for the person who is staying on after 20 years. The big thing is that in 20 years members become eligible for an immediate annuity and they can go out and possibly start a second career at a comparatively young age.

Mr. **Bergquist**. Payments would only be made while the individual was on active service.

Dr. **Korb**. You could define it that way, and if you did obviously that would have some sort of impact. Overall I think the impact would be negligible in terms of the total career force.

Mr. **Bergquist**. On page 3 of your testimony you state that the Army has not done well in any of the tests we discussed earlier. Also you state that the Army does not offer enlistees the wide range of opportunities to develop skills that easily transferred to the civilian economy.

I would assume that this would also apply to the Marine Corps in terms of the skills that are available. How does DOD perceive the chances of curing this rather unique problem for one or two of the services?

Dr. **Korb**. Well, any type of educational program that focuses on recruitment should get us the people that we cannot get through other means. The point is, when talking about the Army in particular, and I think you are quite correct in assuming that many of the skills in the Marine Corps are somewhat similar, that these skills do not have good job transferability—using this latter term in a different sense now—to the civilian sector. In other words, the person who might join the Air Force as an enlisted person receives a great amount of technical training that he can use as a computer programer or an electronics technician, whereas a person in the combat arms would not receive comparable training.

Mr. **Bergquist**. Dr. Korb, I would like to thank you for your courtesy. I would now like to—I can't say turn the gavel over to Senator Thurmond since he has sort of technically had it all the time. But Senator Thurmond will continue your questioning. Thank you very much.

Senator **Thurmond** [presiding]. Doctor, we are glad to have you with us. Do you believe it would be a good idea to single out one service and provide direct cash assistance at enlistment and no educational benefits and the other services receive the educational benefits without a cash payment at enlistment?

Dr. KORB. Well, Senator, I think that right now in all of the programs that we have, other than the basic pay, we do single out services and skills. We pay bonuses to people in particular skills to enlist. We pay reenlistment bonuses to people in particular skills to stay on. We give bonuses to pilots and naval flight officers to stay on, but we don't give them to people who serve on ships. So in effect, we already have targeted programs like that.

Senator THURMOND. On page 4 of your statement, I believe you indicate that you will have more definitive data regarding these tests by early September of this year.

Dr. KORB. That is correct.

Senator THURMOND. Also you mentioned two new surveys that are underway. Could you discuss these new surveys and their timetable for completion?

Dr. KORB. Well, basically what we are doing, Senator, is asking young people who are military applicants if in fact they heard or saw the advertising in regard to the various educational programs.

We also are conducting a random survey to see if in fact the general youth population is aware of the advertising. I expect that these results will be available, as I indicated previously, sometime in the fall.

Senator THURMOND. On page 5 of your statement you mentioned the Military Manpower Task Force as working on various issues. Would you elaborate on this group as to its membership and mission and also is there a reporting requirement?

Dr. KORB. The Military Manpower Task Force was announced approximately 2 weeks ago by the White House and is composed of the Counselor to the President, Mr. Meese; the Chairman of the Council on Economic Advisors, Mr. Weidenbaum; the Director of the Office of Management and Budget, Mr. Stockman. It is composed of the Assistant to the President for Policy Development, Mr. Anderson; the Assistant to the President for National Security Affairs, Mr. Allen; the service secretaries, and the Chairman of the Joint Chiefs of Staff. It is chaired by the Secretary of Defense.

I don't expect this particular task force to issue a report, but rather to take up questions regarding the All-Volunteer Force on a case-by-case basis. One of the questions that they will take up is this question of educational benefits for people in the armed services.

Senator THURMOND. When will you make a decision on that?

Dr. KORB. Well, I would suspect that this decision will have to be made sometime this year because the President is committed to coming up with his own educational package with next year's legislative session. So I suspect it will be made sometime this fall.

Senator THURMOND. Will you have that forwarded as soon as you get it?

Dr. KORB. Yes, sir, Senator. And I think it is important to keep in mind there won't be a report. These issues will be brought up to the President who will make a decision and they will form part of his legislative package.

Senator THURMOND. Now, going back to the test, are these tests that you mentioned earlier being conducted at each recruiting station? If not, could you explain the methodology used in selecting which stations would be used?

Dr. Korb. Senator, when you are using the tests, are you talking about the surveys, themselves, or the tests of the various programs?

Senator Thurmond. The tests of the various programs.

Dr. Korb. The tests are being done in selected markets representing a balanced cross-section of the country. Test Cell A takes care of 52 percent of the country where the Army offers contributory VEAP with kickers and the other services offer the basic contributory VEAP. In 18 percent of the country we are conducting a test program where the Army only has VEAP with a larger kicker and the other services have basic contributory VEAP.

In 15 percent of the country we are conducting a test of the tuition and stipend program for the Army on a noncontributory basis, and for the other services also a tuition and stipend program on a noncontributory basis.

In the final 15 percent of the country we have a program where the Army has VEAP benefits, no contribution required, plus kickers, and for the other services VEAP benefits, no contribution required, but no kicker.

Loan repayment is being offered by all the services throughout the country.

Senator Thurmond. Dr. Korb, would you provide the committee with a list of your recruiting stations by cities and indicate which ones are participating in these tests?

Dr. Korb. We could provide that for the record.

[Subsequently, the Department of Defense submitted the following information:]

Educational Benefits Test

ARMED FORCES ENTRANCE AND EXAMINATION STATIONS (AFEES)

(By Test Cell)

- AFEES in Cell B—"Ultra VEAP Kicker":
    - Cincinnati, OH
    - Newark, NJ
    - Ft. Hamilton, NY
    - Atlanta, GA
    - Coral Gables, FL
    - Kansas City, KS
    - Minneapolis, MN
    - Fresno, CA
    - Oakland, CA
- AFEES in Cell C—Educational Assistance Program (Section 901):
    - Beckley, WV
    - Buffalo, NY
    - Philadelphia, PA
    - Syracuse, NY
    - Jackson, MS
    - Memphis, TN
    - Dallas, TX
    - Fargo, ND
    - Omaha, NE
    - Sioux Falls, SD
    - Seattle, WA
    - Spokane, WA
- AFEES in Cell D—Non-Contributory VEAP (Section 903):
    - Charlotte, NC
    - Fort Jackson, SC
    - Raleigh, NC

Albuquerque, NM
Amarillo, TX
El Paso, TX
Oklahoma City, OK
San Antonio, TX
Detroit, MI
Milwaukee, WI
Portland, OR

Senator THURMOND. If a station is not participating in all the tests, if you would indicate which tests, we would appreciate it.

Dr. KORB. Yes, sir.

Senator THURMOND. Any other questions of anybody?

Thank you very much, Dr. Korb, for your presence here and your testimony. There may be some questions by some members for the record and they will be submitted to you if there are. The answers should be returned by August 10 in case any questions are submitted to you.

Dr. KORB. Yes, sir.

Senator THURMOND. Now, I believe we have a panel. Those on the panel may come around there, please. I want to see if I have the names here correctly for the panel: Maj. Gen. William Webb, Acting Deputy Chief for Manpower and Reserves, U.S. Army. If you will raise your hand if you are here just so we will know. Lt. Gen. A. P. Iosue, Deputy Chief of Staff for Manpower and Personnel, U.S. Air Force; Vice Adm. Lando Zech, Deputy Chief of Operations for Manpower, Personnel and Training, U.S. Navy; Lt. Gen. Edward J. Bronars, Deputy Chief of Staff for Manpower, Personnel and Training, U.S. Marine Corps; and Rear Adm. Richard Cueroni, Chief, Office of Personnel, U.S. Coast Guard.

TESTIMONY OF A PANEL CONSISTING OF: LT. GEN. A. P. IOSUE, DEPUTY CHIEF OF STAFF FOR MANPOWER AND PERSONNEL, U.S. AIR FORCE; MAJ. GEN. WILLIAM WEBB, ACTING DEPUTY CHIEF FOR MANPOWER AND RESERVES, U.S. ARMY; VICE ADM. LANDO ZECH, DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL AND TRAINING, U.S. NAVY; LT. GEN. EDWARD J. BRONARS, DEPUTY CHIEF OF STAFF FOR MANPOWER, PERSONNEL AND TRAINING, U.S. MARINE CORPS; AND REAR ADM. RICHARD CUERONI, CHIEF, OFFICE OF PERSONNEL, U.S. COAST GUARD

Senator THURMOND. Thank you, gentlemen. I believe all the panel members are here. We have a few questions here we would like to take up with you.

First I want to express my appreciation to you for coming today for your testimony and your willingness to testify. I realize the administration has recommended against a new GI bill legislation this year.

However, I want to receive the comments of our active duty members. All of you gentlemen have distinguished yourselves in the various commands and now represent a large group of active duty personnel. At times I will ask for your personal opinions and views, and I certainly hope that you will be very candid.

I have several questions that I will pose to the panel and you can answer as you feel the question pertains to your service. Several of the bills under consideration include benefits only for enlisted members. In your opinion and experience should officers be included as active duty participants in any new GI bill legislation? Would anyone care to answer that question?

Lieutenant General **Bronars**. In my opinion, I think——

Senator **Thurmond**. If the rest of you agree, OK; if you don't, if you would feel free to express yourself.

Lieutenant General **Bronars**. In my opinion, any educational assistance legislation should be applied universally, both to officer and enlisted personnel. It is the entitlement they have earned for serving their country in uniform.

Senator **Thurmond**. In your opinion, should the GI bill benefits include the Reserves and National Guard and, if so, to what extent and why?

Major General **Webb**. I would address that if I could, Senator. Without any question, the education bill is appropriate to the reserve components as well as the active components. In the case of the Army, we are totally dependent on a total Army and we need to enhance the readiness of our Reserves and the GI bill would do so.

Senator **Thurmond**. What about the National Guard?

Major General **Webb**. I intend, in the term reserve components——

Senator **Thurmond**. I think you automatically include the Federal Reserves and the National Guard.

Major General **Webb**. That is absolutely correct, sir.

Senator **Thurmond**. The aspect of transferability of benefits to dependents is included in several of the bills before us. In your opinion is transferability a good plan and how will it affect your service if you wish to answer that?

Vice Admiral **Zech**. I will answer that, if I may, Senator. My personal opinion is that the opportunity to transfer benefits to one's dependents would have a very positive impact on our retention which in the Navy is a very serious problem now. We foresee that transferability, properly structured—and by that I mean it would apply to those who serve a mimimum 10 years on active duty and who would remain on active duty, remain in our career force—would be very beneficial to retention.

Senator **Thurmond**. I would be pleased if other Senators would express themselves.

Lieutenant General **Bronars**. Senator, I would like to make a footnote to that and reinforce the comments that Admiral Zech has made. We believe that a transferability provision in a GI bill legislation is extremely important. It would be the type of inducement that would encourage a decision on the part of an enlisted man to make the military a career.

There has been some discussion, in previous testimony, about the cost of such a provision. In my estimation a commitment, which most transferability provisions require in the legislation I have seen, to serve for an additional 10 years at a cost varying from $15,000 to $20,000 for the type of benefits that he has already accrued, and the only additional entitlement he earns is the transfer to either his spouse or his child, is a very cost efficient way of maintaining the type of quality and experience we want for a 10-year period. It would be a cost of something less than $2,000 a year.

So I think, one, that the transferability provision is extremely important in order to maintain our career force and, two, that it is a very cost-effective provision.

Senator THURMOND. Will the other members express yourselves.

Major General WEBB. In my personal opinion, the transferability provision is very appropriate to retain individuals in the career force. I would expand on General Bronars' statement to say it should provide for officers, warrant officers, and enlisted personnel. I am very strongly in favor of the transferability provision.

Lieutenant General IOSUE. In my opinion, the transferability feature of the GI bill is the most potent and the most desirable feature of any kind of educational incentive program. Without transferability you would find in the U.S. Air Force that people would leave to use their entitlement. They would leave at the 6-year point, the 4-year point and the 8-year point. Transferability keeps them on board. Our problem is one of retention. In the past 4 years the U.S. Air Force lost over 11,000 pilots. There are many of those pilots who would have stayed on board but they were concerned about their ability to educate their children. They left between the 8- and 12-year point; many of them left during that point. With a transferability feature in a GI bill, I am sure that many of them would have stayed on board.

Rear Admiral CUERONI. I would only echo the sentiments of my colleagues. I think, though, as Admiral Zech pointed out, it has to be carefully structured, but it very definitely will aid retention.

Perhaps one thing that should be considered would be some kind of contributory transferability program. I know many of our people, and I think perhaps everyone here at the table, have gone through the trauma of educating our offsprings. I think that service people, like everyone else, would expect to share that responsibility. I recognize, however, that that would perhaps complicate the transferability program.

Lieutenant General BRONARS. I want to make one point, Senator. There has been some discussion as to whether transferability should be targeted to what is called critical skills. The definition of "critical skills" causes me a problem. Most of the time this definition is attributed to skills that are in short supply. One of the most critical skills that we have in the Marine Corps is our combat arms—those individuals that we ask to serve in the infantry, artillery and tanks. They are the ones that have to face the enemy in times of war. They are the ones that do not receive the type of training that is marketable on the outside.

To deny these individuals the transferability provision would seem to be very unfair and certainly would treat them like second-class citizens within the Armed Forces of the United States. I think that transferability, as all other provisions in a GI bill type of legislation, should be universally applied.

Mr. PRESSLY [presiding]. Senator Thurmond has to leave for a moment. I understand Senator Kasten will be back at 12 o'clock to continue questioning. In order to keep things moving, I will follow up with the questions Senator Thurmond would have asked. Excuse me—1 o'clock, Senator Kasten.

In your personal opinion, do you believe that a noncontributory GI bill would alleviate the recruiting and retention problems that our services are experiencing with the All-Volunteer Force, and is there any other measure that could be taken, short of universal conscription, that would be of assistance?

Vice Admiral **Zech**. In my personal opinion, I believe that since the Navy has made its recruiting goals for the past 20 months and has seen an improvement in retention, we can't say that at the moment we need a GI bill today.

However, I am concerned about the difficulties of recruiting in the future, especially in the decade ahead, when the 17- to 21-year-old male population declines considerably and the Navy's requirement to recruit the quality people that we need to man our growing Navy remains very high.

A properly structured educational benefits bill would assist us in meeting the quality requirements of our Navy in the future.

I think that one of the most important features to consider, although a related issue, as far as the Navy is concerned today, since you have asked my personal opinion, is that the 1989 termination date of our current Vietnam veterans bill should be extended. It should be extended to the point where our current people in the Navy today, our current petty officers, do not have to make a decision to stay in the Navy or to get out in order to use their GI benefits.

As a matter of fact, we have 195,000 of our 254,000 active duty personnel that are eligible for the GI bill today that are in the critical retention window of 4 years of service to 14 years of service. The loss of a great number of these people would severely impact on fleet readiness. So we feel a GI bill for the Navy, although not necessary at the moment, is necessary in the future. It is my personal opinion that the most important action that could be taken for the Navy this year would be to extend the termination date of the Vietnam era GI bill. I would suggest that it be extended to 10 years beyond the time that the individual left active service. This would be something that would help to alleviate our petty officer shortage in the Navy today.

For the future, it is my personal opinion the GI bill would be extremely helpful, perhaps mandatory, as far as the Navy is concerned.

Mr. **Pressly**. As you know, several of the legislative people before the committee today addressed the issue of the 1989 termination date. I think you expanded on the question very well and covered several of the questions that would follow.

I was wondering if other members would like to respond to the initial question and also to the 1989 retention date, and then, third, to other aspects or other suggestions in your personal opinion that would enhance a new GI bill.

General?

Major General **Webb**. You asked about my personal opinion and I would announce at the outset that I am very mindful of the preceding witnesses' views about awaiting the results of the ongoing tests before proposing a GI bill perhaps next year. I would like to comment in two ways to answer your question—that is, what should be in a GI bill and then comment separately on the timing of such a bill. My comments will be my personal opinion.

Mr. **Pressly**. That would be fine, yes, sir.

Major General **Webb**. As far as the contents of the GI bill, much of which has been addressed today, it should be noncontributory and available to officers, warrant officers, and enlisted personnel.

I think the amount of benefits—two tiers, $300 a month and then stepping up to $600 a month after 6 years' service for 36 months would be beneficial.

I believe that the Veterans' Administration preferably should fund a GI bill, but that a proviso could be considered by the committee that would permit some portions to be budgeted by the several services to their needs.

Mr. **Pressly**. That would be the second tier, so to speak.

Major General **Webb**. Part of the second tier and whatever other entitlements might be worded into the law. The basic benefits should be funded and managed by the Veterans' Administration. They should administer it. They have the expertise. What we do not need at this time is a new bureaucracy in the Department of Defense to manage a GI bill.

In my personal opinion, there should be room for supplemental authorization. There has been much talk about hard-to-fill skills. It would appear to me that the committee might consider giving the service secretaries authority for supplemental authorizations.

We have talked about transferability so I won't mention it except for one point, and that is when it becomes effective. We have heard discussion today of anywhere from 8 to 16 years. In my opinion it has got to be done early enough to enable an individual who has difficulty in timing his fiscal future for himself and his family, to know he has a commitment, and that commitment should be in the form of an entitlement.

So I think the 10-year period, which I have heard discussed, is an appropriate time. Should he remain on active duty, he can use it after the 10th year, and also it would be fully usable after retirement. I think, again, that the time for use could terminate 10 years after the separation of the individual from the service if he or she does retire. I think an honorable discharge should be mandatory for an individual to qualify for the GI bill not any lesser state of discharge. This should be an entitlement for absolutely honorable service.

We have talked about the Reserve components. I think something like one-half the active duty rate should be worked out with, the Army particularly, and I support strongly the GI bill as far as benefiting the Reserves components.

You asked about the extension of the Vietnam-era GI bill. I think that should be extended as soon as possible because we have people now who are making decisions at an early age to get out and take advantage of it, and they are leaving the services, and we need to extend that and get it into law. I think I have responded to your question, perhaps more than you wanted.

Mr. **Pressly**. No, sir; you have responded quite adequately and we want you to elaborate because that is why you are here, to tell us your opinion and the views of the active duty out in the field as to what they think.

How about the Air Force, General Iosue?

Lieutenant General **Iosue**. I think the original question—and I have lost track of it. I thought the original question was: Do we need a GI bill to support the All-Volunteer Force? I think there are a number of conditions which are going to occur in the mid-1980's and in the late 1980's that are going to dictate that we have something, a recruiting incentive and, more than likely, an educational incentive. One, as Admiral Zech mentioned—the demographers tell us that the population of 18-year-olds is going to decrease by some 300,000 in the mid-1980's so that is going to diminish our pool of young men on whom we can draw.

Two, we find over the past 5 years that there has been a decrease in the propensity to enlist in the Armed Forces, for whatever reason I don't know. There was a little bit of an increase with the return of the hostages, but we saw it go back down to where it is 35 percent less today than it was about 5 years ago.

Third, the Armed Forces are going to be larger. They are going to grow, given the budget, the dollars to support the size that we have asked for. I know the Air Force will be some 60,000 larger. What that means is we are going to have to recruit more as well as retain more.

As far as the Air Force is concerned we find that there is going to be increasing competition for the skills that many of our Air Force members have. Pilots—the airline industries are down today. They are only hiring about 1,000 pilots a year. They are going to increase to some 2,000. They have projected to do so over the next 5 years.

Sixty-five percent of all of the ex-military pilots the airlines hire come from the U.S. Air Force. So that means we are going to have to do something to retain those pilots. There is going to be an increasing demand on computer programers, avionics types, electronic technicians. Many of those skills we have, and we cannot compete with private industry as far as the salaries are concerned.

So we are going to have to provide something in terms of retention, to retain those people, so they won't be taken away from the U.S. Air Force.

So the bottom line is yes, we do need an educational incentive program, one that is properly designed—one, for recruitment because of a larger force; and two, it is important that it has retention features.

We also support extension of the 1989 termination date.

Mr. PRESSLY. Thank you. Admiral Cueroni?

Rear Admiral CUERONI. I agree with my colleagues and I would just make a couple of points.

One, we want to compete with the private sector. However, I would urge that any type of legislation that is enacted not make the services compete with each other. In other words, they should be equal to all, across the board.

The other thing I would also add is that if we don't get some kind of permanent educational benefits bill this year, we will need some type of stopgap measure, perhaps an extension of the VEAP program, for those young people who are going to be coming in after December 31 of this year. We would end up with a situation, where people entering the service during the period between VEAP expiration and enactment of any new law would be penalized.

Mr. PRESSLY. Thank you. Admiral Zech, did you have anything? General Bronars, did you have any additional comments? I know you addressed the critical skills area, and do you share the 1989 date answer that these other gentlemen have?

Lieutenant General **Bronars**. Well, I can share the concern over "critical skills." I do not think that the GI bill, as such, should have a targeting provision to try to solve those critical skills. I think we have other means of doing that already in existence.

I do believe that the application of the GI bill should be universal, to recognize the sacrifices that individuals are making in serving their country in an All-Volunteer Force environment.

As I stated previously, when people use the term "critical skills" they are talking about hard-to-train skills which means individuals like avionics specialists or radar repairmen who possess marketable skills. The people that do not receive that type skill training are the ones that would not have this benefit applied to them if it were to be targeted. That would be people in the soft skill areas, like the infantryman carrying a rifle who has no relatable skill. Therefore, I do not think it would be fair for us to target any of the provisions of the GI bill.

I do think we need four basic elements to any legislation of this nature. One is the inducement to enlist, and that is the basic entitlement that we have been talking about. Second, an inducement to reenlist, which is the first step toward a career, and would be the supplementary that we talked about. It needs a third provision to cause a man to consider seriously a career in the military, and that is the transferability clause. I certainly agree with the Army that there should be a requirement for honorable service in order to gain that entitlement.

Major General **Webb**. I have two points that I covered earlier and personally believe should be in such a bill. I commented on the form of a GI bill and then I talked about timing. Those are the two issues that the committee, and ultimately the Congress, must address. It seems to be very clear there should be a GI bill, and once we get the package that meets the needs of Congress, in its role raising and supporting the armies, the question is, When do you do it?

I think there has been adequate testimony here in this panel that apparently the manpower needs of the several services are going to rise in the near future. My personal judgment is that we tested the various facets of VEAP, addons, tests around the country for several years, 5 to be specific. The sooner a GI bill that is simple; understandable in the field for those to whom it will apply; understandable to the recruiters, the principals, the teachers, the counselors; then the sooner the Congress will assist in bettering the manning posture of the Army. So my personal judgment is the sooner such a bill is passed into law the better for the Army.

Vice Admiral **Zech**. May I just have a word?

Mr. **Pressly**. Yes, sir.

Vice Admiral **Zech**. Concerning critical specialties, which has been mentioned earlier this morning and just recently again, I am sure that aspect will be studied very carefully as the legislative process unfolds.

My personal opinion is that the benefits should be the same for all services and for each servicemember within the service. In other words, the GI bill, as far as I view it, should be simple as we have stated and universally the same for all the services.

We have other means to address critical skills. We address them with bonuses. I do not believe, personally, that a GI bill that is different for one service than the other is in the best interest of our country.

I think that the bill should be simple and universally applied, and I think we should use other means to address such things as critical skills. For example, critical skills in the Navy are addressed with selected reenlistment bonuses. I might say, though, critical skills is a difficult program to administer even with a selected reenlistment bonus. If you attempted to address critical skills in legislation, you would have problems because the critical skills change over periods of time, change each year, sometimes more frequently than that.

So I think it would be very difficult to administer, any program that would apply in such a narrow way, and I would submit that there are other and better ways to address critical skills.

Mr. PRESSLY. Thank you, sir. Admiral Zech, in your testimony you state that in recent months the VEAP participation has increased, in March—30 percent, April—44 percent. You attribute this increase to the recent reduction in the servicemembers' minimum contribution, from $50 to $25.

Could you tell us or provide for the record the number of individuals these percentages represent and if they were recruits or personnel who had just—who had been eligible for the VEAP program and are now taking advantage of it?

Can you provide that data?

Vice Admiral ZECH. I will have to provide the specific numbers. Those percentages are correct. I will provide the specific numbers, the absolute numbers, for the record.

[Subsequently, the Department of Defense submitted the following information:]

THE NAVY'S ENROLLMENT OF NEW PARTICIPANTS IN THE VETERANS EDUCATIONAL ASSISTANCE FUND FOR MARCH AND APRIL 1981 WAS:

	Number enrolled	Number eligible	Percent
March 1981:			
Enlisted	2286	7,581	30
Officer	29	424	9
April 1981:			
Enlisted	1990	4,475	44
Officer	39	379	10

Mr. PRESSLY. Let me ask a general question. Did the other services experience a similar increase as the minimum contribution was reduced? General Iosue?

General IOSUE. Unfortunately, the VEAP has not worked well in the past for the U.S. Air Force and it isn't working well today. We have in the Air Force a 6-percent participation rate. That 6 percent existed before and it exists today. At any one time we only have 6 percent of our people participating in VEAP. So for all practical purposes it is not serving as a recruiting tool.

Mr. PRESSLY. General Webb, I see you have an answer.

General WEBB. Well, I would agree with my Air Force compatriot. Contributory VEAP in my judgment has not worked very well to better the manning posture of the Army and I do not feel it will. You take the money from young soldiers that you are encouraging to come in or stay in the Army. Those who do get into it often have to bow out because they cannot take care of themselves or a family.

So I have not seen any great surge because of the reduction, although it probably helped. But when you look at the many tests and the many combination of tests that are ongoing, it is very difficult to penetrate the market—that is to get potential recruits to come in—because when you go to a test you advertise it locally and that is one of the problems, why you need a nationwide GI bill in my judgment. But I haven't seen any great surge, in response to your question.

Mr. PRESSLY. Yes, sir?

Lieutenant General BRONARS. There was a survey done by the Department of Defense which indicated that 7.5 percent of the active participants in the VEAP program stated that VEAP was a factor that primarily influenced them to join the service. That 7.5 percent would represent 1.5 percent of all of the new accessions that came into the service.

In the Marine Corps we have increased the number of participants over the years in VEAP, starting with 7.9 percent in fiscal year 1977 to where we are now at 26.7 percent. That means that 1 out of 4 Marines, who would be eligible to participate in VEAP, at one time or another opted to go into the program.

By the same token, we can see that a significant number of those that entered the program have since decided to discontinue the program. Part of the reason is that, as they gain additional responsibilities with family, with a wife, with a child, they find that they cannot find the means to continue their contributions so they discontinue it. The VEAP has not been a very successful program if the results of the survey that DOD did indicates that only a very small percent of those that joined the service entered because they were influenced by the VEAP program.

Mr. PRESSLY. Yes, Admiral Zech?

Admiral ZECH. I would just like to add to the comments on the VEAP program. I really don't think we should say that the VEAP program is a complete failure. I think the very significant thing that we have learned in the Navy from the program is that, in spite of the fact that—under rather trying conditions of a program that isn't as well received as it might be, it shows that a significant number of our young Navy people do express an interest in education.

We see this as an incentive. Even though the VEAP program is not as well received as we would all like to see it, I think we should view it as an expression of interest in further education by our young military people.

I think that is the major thing to conclude from the VEAP program, that it does show that there is a thirst out there, there is a need, there is a desire, for education, and that some kind of an educational program would be well received and would be viewed very favorably by our military people. As far as I am concerned that is the most significant lesson that we have learned from the VEAP program.

Mr. **Pressly**. Admiral Cueroni?

Admiral **Cueroni**. Maybe the Coast Guard, since it is small, is a good sample. We have about 24,000 people who are eligible for VEAP, and prior to the lowering of minimum contribution we had about 11 percent, participating, subsequent to the lowering of the minimum contribution we had a very slight increase to about 13 percent.

In fact, we aimed the program at the young, enlisted man or woman who can least afford it and has to contribute the most to it on a per capita basis. So I agree with Admiral Zech here. I think that perhaps we didn't do a very good job of putting the VEAP program together, so it should not be used as an indication of a lack of interest in an educational program.

Mr. **Pressly**. Just one followup question, and that is: When the minimum contribution was lowered, what type of—or was there a type of advertisement that went out to the active duty people that this was lowered from $50 to $25? Was there any—what type of advertisement was done?

Lieutenant. General **Iosue**. In the Air Force each recruit is explained the VEAP program in detail during some period while they are attending their basic military training. But as far as advertising in the recruiting environment, I am not sure that much of that was done.

Vice Admiral **Zech**. As far as the Navy is concerned, we put out a notification to the entire Navy in various formats. As far as recruits are concerned, we too had a recruiting program that would inform the recruits of the program as they entered. But I think in general our main thrust in the Navy was to insure that all people in the Navy were aware of the change to the program. We attribute part of the success that we have had and the increased interest in the VEAP program to the fact that we were able to get the word out in general to most all of our people in the Navy.

Mr. **Pressly**. Yes, sir, General Webb?

General **Webb**. You asked how do you get the word out? Of course, that is the problem when you have any kind of tests or changes, and so forth, because it is hard to penetrate to get to the right people.

The Army went by message to the field, to the principal players—both those in the VEAP and those in recruiting—coming into the service. We put that out through the education chain and also through the finance centers so that the soldiers could be advised of this through their monthly pay statements and the chain of command. So we took the change and sent it throughout the Army. That takes time, and it is not always as effective as it should be. But I am persuaded that we did what we should to disseminate that change.

Rear Admiral **Cueroni**. The Coast Guard did essentially the same thing. We put it out by telegraph from headquarters and followed that up with a servicewide instruction. We put it in our unofficial publications that come out of various personnel shops, and then finally we used word of mouth at the command level.

Lieutenant General **Bronars**. The Marine Corps experience is the same. Right now, during calendar year 1981, we have almost 10,000 new enrollments which would indicate that it has had some positive effect. So we are probably approaching 28 percent of all eligibles participating in a contributory program which, again, would reinforce Admiral Zech's contention that there is a thirst for, a looking to the future for, acquiring entitlements for additional education on the part of many of our Marines.

I think GI bill legislation of the type that has been discussed in its various forms would be very attractive, particularly for the high quality young men and women that the services all need to man our more sophisticated equipment in the future years.

Major General **Webb**. I would like to summarize too, but just to be sure that that is not misunderstood, through 1977 to 1980 the Army estimates that about 34 percent participated. We put a lot of effort to get that word to soldiers, to encourage new soldiers to participate. I think our participation rate has been among the highest of the services, although the withdrawal rate has also been higher.

Certainly, the tests that have been accorded to the Army with discriminators such as ultra-VEAP kickers have been very beneficial to the Army, and that is why I say, that in my opinion, ultimately any kind of an education bill should give some kind of secretarial discretion in considering the peculiar needs of his service.

Mr. **Pressly**. Thank you, sir. I don't have any more questions. Ken, do you have anything?

I would like to apologize to you for not allowing you to present your oral statements. It is my fault. We changed the rules of the game just as you came up. But due to the length of the hearing, it would be good if we just went right into questioning.

Perhaps you could supply your oral testimony and we will place that in an appropriate part of the record.

Mr. **Bergquist** [presiding]. We very much appreciate all you gentlemen being here. All of your statements will appear in the record and will be reviewed prior to this committee undertaking any action.

Mr. **Pressly**. There will be additional questions submitted in the next several days. If we could have them back by August 10 I would appreciate it. Thank you.

[The prepared statements of Maj. Gen. William L. Webb, Jr., Acting Deputy Chief of Staff for Personnel, U.S. Army; Lt. Gen. Andrew P. Iosue, Deputy Chief of Staff, Manpower and Personnel, U.S. Air Force; Vice Adm. Lando W. Zech, Jr., Deputy Chief of Naval Operations for Manpower, Personnel and Training, and Chief of Naval Personnel, U.S. Navy; Lt. Gen. Edward J. Bronars, Deputy Chief of Staff for Manpower, U.S. Marine Corps; and Rear Adm. Richard P. Cueroni, Chief, Office of Personnel, U.S. Coast Guard; follow:]

PREPARED STATEMENT OF MAJ. GEN. WILLIAM L. WEBB, JR., ACTING DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to appear before you to discuss the Army's views on educational incentives.

The Army believes that a new educational incentives program is necessary to meet the challenges of recruitment and retention of military personnel if we are adequately to man the force in the 1980's. Since the Gates Commission proposed an All Volunteer Force in 1970, with the support of the Congress, the Army, as well as the Department of Defense, has employed a vareity of initiatives to attract adequate numbers of qualified recruits and to retain experienced soldiers. We in the military agree that an improved educational incentives bill is essential. The Army concurs in the Department of Defense decision to await the results of the present test programs before submitting a legislative proposal early next year.

Since the advent of the All Volunteer Force, benefits have not made service life adequately attractive to potential recruits as well as possible career-oriented service members. An an example, military pay did not keep pace with civilian wages. Further, and of key import to our discussion today, the termination of eligibility for the Vietnam Era GI Bill for new soldiers has had an adverse effect on our ability to recruit and retain soldiers. Moreover, the increased availability of Federal loans and grants which do not require obligation for national service has diverted untold numbers of high school graduates from military service.

With the termination of the GI Bill in 1976, high school diploma graduate recruiting steadily declined through FY 80. The Army fell short of its FY 79 high school graduate objective by 21,000. The FY 80 accession of graduates improved but still was 13,000 below the established objective.

Recent gains in pay and recruiting resources have reversed this trend. So far in FY 81, we are meeting our high school graduate objective. Of concern, however, is the fact that the pool of eligible graduates will continue to decline during the 80's.

Accordingly, the Army concludes that a new education incentives program containing attractive educational opportunities will be needed to recruit and retain the soldiers we need. How that package should be shaped will depend, in part, on the results of our test programs.

The kind of soldiers we need must be highly qualified and motivated volunteers, desirous of serving this country and at the same time improving themselves. These are the soldiers who not only will serve the Army well but also will return the nation's investment in their experience and education to society as contributing citizens and soldiers.

Thank you. I will be pleased to answer any questions you may have.

PREPARED STATEMENT OF LT. GEN. ANDREW P. IOSUE, DEPUTY CHIEF OF STAFF, MANPOWER AND PERSONNEL, U.S. AIR FORCE

Mr. Chairman and Members of the Committee:

As we enter the decade of the 1980s, the Air Force as well as the other services are faced with an extremely difficult challenge in meeting and sustaining our manpower requirements. The primary recruiting resource is diminishing. Demographers indicate that the population of 17-19 year-olds is forecast to decline by some 20 percent by the year 1992; the number of 18 year-olds will decrease 15 percent by 1986. Additionally, since 1975 the propensity of young men to consider military service has dropped substantially. There is also increasing competition from the private sector that impacts on our ability to attract and retain quality, skilled people, particularly those in the technically-oriented fields so critical to Air Force needs. At the same time that our recruiting resource is declining, our force structure is building. This occurs just as we are hopefully emerging from a period of very poor retention. Thus we need extraordinary retention rates to keep our most valuable asset -- experienced people.

The current national policy on educational assistance makes our manpower challenge even greater. There are a number of easily obtainable funding sources for higher education in our society, but there is no effective education incentives program to channel advancement-minded people into the military services.

The Vietnam era GI Bill was a strong incentive for military service as evidenced by the substantial increase in our delayed enlistment pool which occurred when its termination was announced in October 1976. Upon termination, we experienced an immediate 10 percent decline in high school accessions. The replacement for the GI Bill -- the Veterans' Educational Assistance Program (VEAP) -- has, by its contributory nature, proven to be ineffective as a recruiting incentive. After four years under VEAP, only 6 percent of Air Force eligibles are participating despite concerted outreach efforts to insure that all eligibles are fully conversant with the program. Yet, the Air Force clearly needs predominantly high school graduate recruits because of the demands of our technical training programs and our relatively large number of high technology jobs. A well designed education incentive could be the key to restoring our pre-1976 levels of high school graduates.

In addition to the anticipated tough recruiting climate, of equal concern to the Air Force is the need to be able to retain adequate numbers of our highly skilled mid-career personnel, both enlisted and officer. There is growing evidence that last October's pay raise along with the other new compensation initiatives -- and indications that additional such incentives may be forthcoming -- are bearing fruit. We need to ensure that any new education incentive does not work against the improvement we have begun to see in retention. While the old GI Bill was a strong recruiting incentive, large numbers of people who entered the military left to use their education benefits upon completion of their initial obligation. This was offset to a degree by in-service education programs, including the in-service provisions of the GI Bill, which have helped to retain our quality people. Today and in the future the Air Force needs extraordinary personnel retention to compensate for past experience losses, meet the growing force structure, and handle the more complex weapon systems with an increasing technological content. A new educational incentives program must include features that will influence sufficient numbers of skilled enlisted and officer personnel to remain in the Air Force and continue to provide the experience base we need to meet the manpower requirements for defense of our Nation in an ever-increasing technological environment.

A properly designed new education incentives program would assist the services in competing, in a more difficult recruiting environment, for the high quality young people and at the same time help to meet our critical retention needs. A balanced program is essential -- one which offers adequate incentives "up front" to attract high quality young people and which has strategically placed retention incentives designed to promote continued service from substantial numbers of highly trained and experienced personnel.

We believe that a new program designed along these lines will provide the services with the balance necessary to meet both their recruiting and retention needs. If the All-Volunteer Force is to be sustained, we must be capable of making military service and a military career viable alternatives for young people from all walks of life and every part of the Nation. Such a program will pay for itself by reducing personnel replacement costs and improving readiness for the Services, as well as by increasing productivity and tax revenues for the entire Nation from the increased earning power produced by higher education.

Thank you for the opportunity to address the distinguished committee on this very important issue.

PREPARED STATEMENT OF VICE ADM. LANDO W. ZECH, JR., DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL AND TRAINING AND CHIEF OF NAVAL PERSONNEL, U.S. NAVY

Mr. Chairman and Members of the Committee:

I. Introduction

I am Vice Admiral Lando W. Zech, Jr., Deputy Chief of Naval Operations for Manpower, Personnel, and Training and the Chief of Naval Personnel. I appreciate the opportunity to appear and testify before your committee in support of educational assistance programs for veterans and for members of the Armed Forces.

II. Background

Following termination of the GI Bill in 1976, educational benefits have been provided to our servicemembers through the post Vietnam Era Veterans' Educational Assistance Program (VEAP). Since January 1, 1977, approximately 80,000 Navy men and women have elected to contribute a portion of their pay each month in order to qualify for the two-for-one matching funds. This represents a participation level of approximately 23 percent of all those eligible. In recent months we have seen a significant increase in VEAP participation among enlisted personnel (March-30 percent, April 44 percent). The recent reduction in the service member's minimum required contribution from $50 to $25 per month is probably the major reason for this increase. Although VEAP enrollment has been less than one might desire, I think that the overall number of participants in this program is a solid indicator of the strong interest our servicemembers have in utilizing educational opportunities. I would note that the President has requested an extension of the VEAP program until 31 December 1982, so that enlistees entering the service during the coming year will still have some educational options available to them.

The Navy is currently participating in the Educational Assistance Test Program contained in the FY 1981 Defense Authorization Act. Phase I of this program, implemented on December 1, 1980, offers special educational incentives for recruitment. As of June 1, 1981, 2056 naval personnel have enlisted in the Navy under the test program. Phase II provides educational benefits for retention and was implemented on April 1, 1981. In Navy's case, educational benefits will accrue to those servicemembers who are reenlisting for the second time in one of four critical skill ratings. The Office of the Secretary of Defense will draw upon the test results to determine what kinds of educational benefits enhance quality recruitment and retention.

III. Anticipated Impact of a New Educational Benefits Package

In general terms, educational benefits legislation, if properly structured, could be expected to have a positive impact on two major areas: Recruiting and retention.

From a recruiting standpoint, an educational benefits program should increase the quality of the first term force by attracting higher numbers of high school graduates and upper mental groups. Based on our past experience, a richer mix of high school graduates means lower first term attrition and ultimately a reduced demand for accessions. With a higher proportion of upper mental groups, training time and costs would be reduced.

From a retention standpoint, a properly structured proposal will assist in retaining highly trained mid-grade careerists in the

Navy. What we must avoid is a program which is structured to provide an incentive to leave the service.

IV. Summary

As Chief of Naval Personnel, I am vitally concerned with attracting competent and motivated first term personnel for our Navy and in developing and maintaining a strong, capable, and dedicated career force. I am convinced that education, and the opportunity to achieve it, have a crucial role in our total efforts. I believe further that an investment in the educational growth of our young people, those who volunteer to serve in the military forces, is an investment not only in the strength of our nation but, in a broader way, in the future of our country.

Thank you very much. I will try to answer any questions you might have.

PREPARED STATEMENT OF LT. GEN. EDWARD J. BRONARS, DEPUTY CHIEF OF STAFF FOR MANPOWER, U.S. MARINE CORPS

Mr. Chairman and Members of the Committee, I am pleased to appear before you this morning on behalf of the Marine Corps to discuss educational assistance programs.

With the termination of the Vietnam Era G.I. Bill on January 1, 1977, the Marine Corps lost a strong incentive that I believe was very successful in influencing quality young men and women to volunteer for military duty. Evidence of the strength of this incentive was the substantial increase in enlistments towards the end of calendar year 1976, an otherwise lean year in the recruiting marketplace. In fact, December 1976 remains to this day the best month that the Marine Corps has ever enjoyed in recruiting under the All Volunteer Force environment. New contracts for non-prior service male accessions written during that December totaled 7290. This number was 3075 more than planned and 218 percent greater than the monthly average for the remainder of fiscal year 1977 after the termination of the G.I. Bill. There is no question that this success was directly attributable to enlistments to beat the deadline for G.I. Bill eligibility.

The replacement for the Vietnam Era G.I. Bill - the Veterans' Educational Assistance Program (VEAP) - has been in place for only a short time and is currently being evaluated by the Administration. The Third Annual Report to the Congress on the Post-Vietnam Era Veterans' Educational Assistance Program dated June 1980, indicated in a survey that only 7.5% of the active participants in the program were primarily influenced by the VEAP to join the military service. Furthermore, an analysis of Marine Corps VEAP data indicates a four year cumulative participation rate of 26.7% of eligible Marines. Although there has been an increase in participation over the years (7.9% in 1977, 11.0% in 1978, 18.5% in 1979, 26.7% in 1980) still only one of every four eligible Marines is a participant, and there are a significant number of participants who have chosen to discontinue the program.

The Marine Corps, along with the other Services, is currently participating in the Educational Assistance Test Program (EATP) authorized in the Fiscal year 1981 Defense Authorization Act. As of today, this program was successful in attracting 309 young men and women to enlist in the Marine Corps. On 30 September this test program will terminate and the resultant data collected from all services will be analyzed by a joint military and civilian team. Based partially on this analysis the Administration intends to develop comprehensive educational assistance legislation for submission to the Congress early next year.

The Marine Corps is interested in an educational program that will encourage both the recruiting and retention of high quality personnel. Essential elements of the program should include:

- An incentive to volunteer for service in the Armed Forces
- An inducement to remain on active duty
- A requirement for honorable service as an eligibility criterion to receive benefits

An effective educational assistance program is needed to attract and retain sufficient numbers of quality young men and women to meet Department of Defense manpower requirements in an All Volunteer

Force environment. Furthermore, I am confident that this would be a successful program that would provide substantial benefits to the Nation.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you may have.

PREPARED STATEMENT OF REAR ADM. RICHARD P. CUERONI, CHIEF, OFFICE OF PERSONNEL, U.S. COAST GUARD

MR. CHAIRMAN, I APPRECIATE YOUR INVITATION TO JOIN THE CHIEFS OF PERSONNEL OF THE OTHER MILITARY SERVICES IN ADDRESSING THIS COMMITTEE ON THE SUBJECT OF VETERANS EDUCATIONAL PROGRAMS. THE COAST GUARD, AS THE ONLY ARMED FORCE NOT UNDER THE DEPARTMENT OF DEFENSE, SHARES SIMILAR CONCERNS AND GOALS IN THE AREAS OF RECRUITMENT, RETENTION, AND THE QUALITY OF LIFE OF THE MILITARY MEMBER.

HISTORICALLY, EDUCATIONAL PROGRAMS HAVE BEEN A POPULAR BENEFIT FOR THE MEMBERS OF OUR ARMED FORCES. THE DIRECT BENEFITS TO THE ARMED FORCES, AND THUS OUR NATION, ARE WELL DOCUMENTED. IF WE ARE TO MAINTAIN A SUCCESSFUL ALL VOLUNTARY FORCE, CONTINUATION OF SOME FORM OF EDUCATIONAL BENEFITS PROGRAM IS ESSENTIAL.

OUR RECRUITMENT GOAL HAS BEEN AND IS TO ATTRACT HIGHLY QUALIFIED AND WELL MOTIVATED YOUNG PEOPLE WHO DESIRE TO SERVE THEIR COUNTRY. THESE SAME INDIVIDUALS ARE ALSO VERY MUCH INTERESTED IN SELF-IMPROVEMENTS THROUGH EDUCATIONAL AVENUES BOTH FROM WITHIN THE SERVICES AND FROM EXTERNAL SOURCES. THE VIETNAM ERA GI BILL WAS AN EXAMPLE OF A POSITIVE INCENTIVE FOR JOINING THE SERVICE BY PROVIDING BOTH THE OPPORTUNITIES FOR OFF-DUTY EDUCATIONAL SUPPORT WHILE ON ACTIVE DUTY AND FOR CONTINUING EDUCATION UPON RELEASE FROM ACTIVE DUTY. TODAY'S VETERANS EDUCATIONAL ASSISTANCE PROGRAM (VEAP) AND DOD'S PILOT EDUCATIONAL PROGRAMS ARE NOW UNDERGOING REVIEW WITHIN THE ADMINISTRATION. SLIGHTLY OVER 24,000 PEOPLE IN THE COAST GUARD TODAY, WHICH REPRESENTS OVER HALF OF OUR AUTHORIZED STRENGTH, ARE ELIGIBLE TO PARTICIPATE IN VEAP. OF THESE ELIGIBLES, ONLY ABOUT 3,000, OR 13 PERCENT, ARE ACTUALLY PARTICIPATING.

WE KNOW THAT, AS WE PROGRESS THROUGH THE 1980'S, THE AVAILABLE POOL OF POTENTIAL APPLICANTS FOR MILITARY SERVICE WILL BE SUBSTANTIALLY REDUCED. AS THIS TREND CONTINUES, WE WILL EXPERIENCE INCREASED DIFFICULTY IN ATTRACTING

PEOPLE TO THE SERVICE AS WELL AS INTENSIFIED COMPETITION WITH THE PRIVATE SECTOR FOR THE TALENT POSSESSED BY OUR MID-GRADE PETTY OFFICERS, PARTICULARLY IN CRITICAL SKILL AREAS. RECENT PAY RAISES AND QUALITY OF LIFE INITIATIVES HAVE BEEN HELPFUL IN ATTRACTING AND RETAINING OUR PEOPLE, BUT THERE IS NO DOUBT THAT EDUCATIONAL BENEFITS ALSO WILL HAVE A VERY POSITIVE EFFECT ON CAREER REENLISTMENTS.

THE COAST GUARD MUST CONTINUE TO ATTRACT HIGHLY QUALIFIED PEOPLE AND RETAIN OUR SKILLED MID-GRADE PERSONNEL, NOT ONLY TO KEEP PACE WITH THE SOPHISTICATION AND TECHNOLOGY INVOLVED WITH NATIONAL DEFENSE, BUT ALSO TO CARRY OUT THE MANY FACETS OF OUR PEACETIME MISSIONS. IN ORDER TO RECRUIT AND RETAIN SUCCESSFULLY, I AM CONVINCED THAT EDUCATION, AND THE OPPORTUNITY TO ACHIEVE IT, MUST BE A PART OF ANY PACKAGE WE OFFER TODAY'S YOUTH.

IN CLOSING I FEEL THAT ANY EDUCATIONAL BENEFIT PROGRAM MUST BE DESIGNED AS AN INDUCEMENT FOR RECRUITMENT OF THE HIGH QUALITY PEOPLE WE NEED, MUST CONTAIN RETENTION INCENTIVE, AND ABOVE ALL MUST BE SIMPLE FOR OUR YOUNG SERVICE PEOPLE TO UNDERSTAND.

THANK YOU VERY MUCH, MR. CHAIRMAN, I WILL BE PLEASED TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

Mr. BERGQUIST. I would like to call Mr. James Kane, the Assistant General Counsel of the VA, as the next witness.

TESTIMONY OF JAMES P. KANE, ASSISTANT GENERAL COUNSEL, VETERANS' ADMINISTRATION, ACCOMPANIED BY LEW DOLLARHIDE, ACTING DIRECTOR, EDUCATION SERVICE; JUNE SCHAEFFER, ASSISTANT DIRECTOR FOR POLICY AND PROGRAM ADMINISTRATION, EDUCATION SERVICE; AND ROBERT DYSLAND, DEPUTY ASSISTANT GENERAL COUNSEL

Mr. KANE. If I may, I will introduce the people with me: Mr. Lew Dollarhide, Acting Director, Education Service; Ms. June Schaeffer, Assistant Director for Policy and Program Administration, Education Service; and Mr. Robert Dysland, Deputy Assistant General Counsel.

Mr. Chairman, I think by now—it is 12:25—by now you know the administration's position. So I will very briefly summarize my statement with the request that the full text be submitted for the record.

Echoing what Dr. Korb has said, the administration feels that it is premature at this point in time to pass a new GI bill until they have had the opportunity to study the results of the two tests that are being conducted, analyze those results and also have some input from the task force which has been formed. Also I would point out, as I believe Dr. Korb did mention, in his message of May 30, the President urged a continuance of VEAP, and noted that in early 1982 the administration would be making a legislative recommendation on this subject. I would submit that that is only 6 to 8 months down the road, so really we are not delaying it that long.

You have asked our views on the limited extension of the delimiting date under the GI bill for people who intend to make the military a career, and we would state that since there is this ongoing review, we would like to study that issue in the context of the overall review of the Armed Forces, how they will be made up, what the remuneration will be, what benefits will be paid and what form any new GI bill should take.

Having made that summary, we will submit ourselves to your questioning.

[The prepared statement of James P. Kane, Assistant General Counsel, Veterans' Administration follows:]

PREPARED STATEMENT OF JAMES P. KANE, ASSISTANT GENERAL COUNSEL, VETERANS' ADMINISTRATION

Mr. Chairman and Members of the Committee:

We appreciate the opportunity of appearing before you today to provide you with the views of the Veterans Administration on a number of measures pending before you which have as their common purpose the establishment of a new education program for servicemembers, veterans, and reservists. These measures vary as to the type and amount of benefits to be granted, the type of beneficiaries, the amount of entitlement, the potential in some cases for transfer of entitlement to dependents, the time limitation for utilization of these benefits, and the agency responsible for funding the program.

We are also providing you with our position on proposals which would extend the delimiting date for pursuit of programs of education by certain individuals under the current GI Bill beyond the current December 31, 1989, termination date for that program.

For the purpose of this hearing, we have prepared, and are attaching to this statement, a synopsis of all of the measures on which we are testifying today.

Mr. Chairman, the Veterans Administration opposes the enactment of any new GI Bill program at this time as we consider such action premature. We would point out that there are currently three education programs on the statute books under which many servicemembers and veterans (and in some cases dependents) can receive educational assistance. These three programs are the current GI Bill program, the program recently enacted in the Department of Defense Authorization Act, 1981 (Public Law 96-342), and the Post-Vietnam Veterans' Educational Assistance Program (VEAP). The latter two are still in the test stage and final results are not available at this time.

In addition, servicemembers and veterans are also eligible for other forms of educational assistance through the Federal Government. The Armed Forces, for example, provide various educational programs for those on active duty. Veterans are eligible for vocational rehabilitation assistance from the VA if they are disabled and need retraining, and veterans are eligible to participate, along with the general populace, in a number of educational programs administered by the Department of Education. These latter benefits are generally available in the forms of grants and loans.

The current GI Bill provides educational assistance for those individuals who entered military service after January 31, 1955, and before January 1, 1977, as well as those individuals who were placed in a Delayed Entry Program prior to January 1, 1977, were assigned to a reserve unit, and entered on active duty prior to January 1, 1978.

This program was intended primarily to provide readjustment assistance to veterans returning to civilian life and does not require the individual to make contributions toward his or her own education. Single individuals are eligible for educational assistance up to $15,390 on the basis of pursuing a program of education full time at an institution of higher learning ($342 per month for a maximum of 45 months). Where the individual has dependents, the maximum benefit is even greater.

In addition to the monthly educational assistance allowance, those individuals who need additional financing to pursue their education are, if they meet the necessary financial tests, eligible for VA education loans up to $2,500 per academic year. Individuals may also be eligible to participate in the VA's work-study program under which they can earn up to $837.50 for performing 250 hours of work for the VA during a semester or comparable period of time.

The second education program, to which I have already alluded, is the pilot program enacted in the Department of Defense Authorization Act, 1981. Under one feature of this program, certain individuals who enlist or reenlist in the

Armed Forces on or after October 1, 1980, and before October 1, 1981, are eligible for educational assistance provided they meet all of the eligibility criteria. Those eligible would be entitled to receive reimbursement for tuition and fees in an amount up to $1,200 for an academic year (9 months). They would also be entitled to a monthly subsistence allowance of $300 for full-time pursuit. The extent of the benefit would be based on the time the individual serves on active duty, with maximum entitlement set at 4 academic years. The Department of Defense has been actively engaged in testing the feature of this pilot program to determine its potential effectiveness as an enlistment incentive. I will mention certain other features of this program further on in my statement.

The third program cited, the VEAP program, was established by the Congress in 1976 to replace the post-Korean conflict and Vietnam era GI Bill. It was enacted for the purpose, among others, of aiding the all-volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces. Individuals entering military service on or after January 1, 1977, are eligible under this program. This is a contributory plan under which individuals may make monthly contributions from their military pay to help finance their own education. These allotments range from as little as

$25 per month to $100 per month, up to a maximum total contribution of $2,700. In addition, under recently enacted Public Law 96-466, individuals may also make lump-sum contributions provided, of course, that total contributions do not exceed the $2,700 maximum.

Eligible individuals may begin using their benefits after completing their first obligated period of active duty or 6 years of active duty, whichever period is less, or after their discharge or release from service. The Veterans Administration matches the individual's contribution on a $2 for $1 basis. Thus, on the contributory basis alone, individuals may receive up to $8,100 in educational assistance ($2,700 from their own contributions matched by $5,400 in VA funds).

As another part of the Defense pilot program, in addition to the individual's contribution, the Department of Defense may add to the individual's education account what has come to be known as the DoD "kicker." This kicker, which can be in varying amounts up to $12,000, when added to the individual's monthly contributions plus the VA matching funds, can provide an individual with as much as $20,100 in educational benefits. The DoD kickers are paid primarily to individuals with specialties and skills in which there is a shortage of personnel for enlisting in the military.

In still another feature of the pilot program enacted in the Department of Defense Authorization Act, 1981, the Congress provided that, under certain circumstances, the Department of Defense may pay the monthly VEAP contributions on behalf of an individual and, under certain circumstances, an individual eligible for VEAP benefits may transfer such entitlement to a dependent or dependents. Thus, there are many benefits available under this program.

In establishing the VEAP program, the Congress specifically provided that it was to be a test program. It did so by requiring the President, if he determined that the program should be continued, to make such a recommendation to the Congress on or before June 1, 1981. The Congress also provided that in the event the President made such a recommendation, which would permit enrollments in the program beyond December 31, 1981, the House or the Senate could disapprove such a recommendation.

As you are aware, Mr. Chairman, the President, in his Message to the Congress dated May 30, 1981, did make such a recommendation. As the President stated:

> Over the next several months the Administration will be continuing its evaluation and review of both the VEAP and Department

> of Defense test programs, with a view towards developing legislative recommendations regarding education programs for servicemembers and veterans. In view of this effort, I am recommending that the VEAP program be continued beyond its current termination date of December 31, 1981. This will permit the Administration to complete its review and will provide time for submission of legislative recommendations that I anticipate will be submitted in early 1982.

Consistent with the President's position, it is recommended that the Congress defer action on any new education program until the results of the studies of the VEAP program and the new Department of Defense program have been completed. This will allow a thorough examination of the specific objectives of any potential new program and how it will fit into the needs of the Armed Forces in the future.

You have also asked us to comment on various proposals contained in bills pending before you which would have the effect of eliminating the December 31, 1989, termination date now applicable to the GI Bill education program. These proposals would specify that eligible veterans whose last discharge or release occurs after December 31, 1979, could receive chapter 34 benefits until December 31, 1989, or 5 years after commencing a program of education which began within 2 years after their last discharge or release, whichever is later.

In view of the current review being undertaken by the Administration of educational benefits for servicemembers and veterans, we do not support these proposals pending further consideration in the context of that review.

Mr. Chairman, that completes my presentation. We will be pleased to respond to any questions you may have.

ATTACHMENT

SENATE BILL 5

S. 5, a bill known as the "Armed Forces Educational Assistance Act of 1981," would establish a new educational assistance program to be included as new chapter 33 of title 38, United States Code. The stated purposes of the new chapter are to demonstrate that an improved educational assistance program for persons serving on active duty will exact honorable service from such persons; increase the rate of retention in the military; increase military recruitment; and generally enhance the quality of military readiness.

S. 5 proposes a new noncontributory educational assistance program for those persons who serve on active duty for specified periods after September 30, 1981. Those who serve between 36 and 48 months on active duty and also agree to serve for 3 years in the Ready Reserve would be entitled to 18 months of educational assistance. Those who serve between 48 and 72 months on active duty and also agree to serve for 4 years in the Ready Reserve, or who serve at least 72 months on active duty, would be entitled to 36 months of educational assistance. The assistance provided would consist of a subsistence allowance of up to $300 per month for full-time study and a tuition assistance component of up to $1,500 per school year.

An eligible veteran would generally have 6 years after discharge or release in which to receive benefits under the new program. Another key feature in S. 5 would permit eligible veterans who have served on active duty for 16 years as of September 30, 1987, or any time thereafter, to transfer entitlement under the new program to a spouse or children. Such a transfer would be fully revocable by the veteran, and transferred benefits could be used by the transferee for 10 years after the transfer or 10 years after the veteran's last discharge or release from active duty, whichever is earlier.

SENATE BILL 7

S. 7 would establish a new program of educational assistance for veterans and for members of the Armed Forces. The stated purpose of the new program is "to recognize that a program of educational benefits provided to veterans and active duty personnel fulfills our Nation's commitment to reward honorable service and provides for qualified military personnel." Administration of the new program would be vested in the Veterans Administration.

Eligibility for the educational assistance program proposed in S. 7 is provided to those individuals serving on active duty after September 30, 1981. To be eligible, an individual must serve on active duty for 2 years or more after that date and be discharged or released therefrom (a) under conditions other than dishonorable, (b) for a service-connected disability, or (c) later establish a disability as being service-connected. Individuals who remain on active duty beyond the 2-year period shall be eligible for educational assistance benefits.

An eligible veteran would accrue 1-1/2 months of entitlement to educational assistance for each month or fraction thereof served on active duty after September 30, 1981. Maximum entitlement is 36 months. Thus, an individual would receive maximum entitlement after serving for 2 years. Alternative eligibility and entitlement is provided for individuals who, after September 30, 1981, perform 4 years of satisfactory Selected Reserve service. Entitlement would accrue at the same rate for active duty personnel--1-1/2 months for each month of reserve service, to a maximum of 36 months.

The amount of educational assistance provided eligible veterans would be $400 per month for full-time pursuit, with lesser amounts determined by the Administrator for part-time pursuit. Those deriving eligibility from reserve service would be paid one-half of the rate for other eligible veterans. The eligibility period in which benefits may be paid is 10 years from a veteran's last discharge or release from active duty or from an individual's completion of 4 years of reserve service. Extensions of the eligibility period are available for those prevented from completing their programs because of disability, discharge character requirements, or prisoner of war status. The bill would also permit program pursuit in-service, provided the individual has served on active duty for 2 years after September 30, 1981.

Additional features of the proposal would permit eligible veterans who have served on active duty for at least 8 years to transfer entitlement to a spouse or dependent child; provide education loan eligibility to eligible veterans; and extend the termination date of the current chapter 34 education program (December 1989) to permit those eligible thereunder to receive benefits until 4 years after their last discharge or release from active duty.

SENATE BILL 25

S. 25 is a bill known as the "G.I. Education Assistance Act of 1981." This measure would establish two new programs of educational assistance for members of the Armed Forces, veterans, and their dependents. These new programs would be included as new chapters 29 and 30 of title 38, United States Code.

The basic new program contained in proposed chapter 29 would be known as the "Peacetime Veterans' Educational Assistance Program." It would provide benefits to those serving on active duty for 2 or more years after December 31, 1980, and who are discharged or released under honorable conditions, for hardship, for the good of the service, or for a service-connected disability. The discharge requirement would be waived for those completing the lesser of 2 years on active duty or their first period of obligated service which began after December 31, 1980. If the individual has received or is entitled to receive an enlistment bonus, the period of active duty which qualified the person for the bonus would not count for educational benefits purposes.

Under the new chapter 29, an individual would generally accrue 27 months of entitlement for the first 24 months of active duty, and 1 month of entitlement for each succeeding month on active duty, to a maximum of 36 months of entitlement. Full-time students would receive $250 per month as a subsistence allowance and up to $2,500 per school year in tuition assistance. Generally, a veteran would have 10 years following discharge or release from active duty in which to receive chapter 29 benefits.

The second major program of educational assistance contained in S. 25 would establish a new chapter 30 of title 38, to be known as the "Career Serviceperson's Education Assistance Program." Under this new program, eligible persons with at least 6 years of active duty could elect to enroll in the program and participate by making monthly contributions. These contributions could range from $25 to $100, to a maximum of $12,000. The individual's contributions would be matched $2 for $1 by the Department of Defense, making up to $36,000 available for education. In addition, the Secretary of Defense would have authority to contribute even more to the fund, to the extent deemed necessary or appropriate to encourage military retention.

The contributory educational assistance described above could be transferred to an eligible veteran's spouse or children, and any transfer made by the veteran could be revoked. The transferee would have 10 years following the transfer, or 10 years following the veteran's last discharge or release, whichever is later, in which to receive benefits. Educational benefits to all persons eligible under S. 25 would be from Department of Defense appropriations, rather than Veterans Administration appropriations.

Other provisions in S. 25 would terminate eligibility to participate in the current chapter 32 (VEAP) contributory program for those individuals made eligible under the new programs. Further, title 10, United States Code, would be amended to permit certain servicemembers to take educational leaves of absence to pursue educational programs of up to 12 months.

SENATE BILL 26 (Title V)

Title V of S. 26 proposes to establish a new "Post-Vietnam Recruitment, Retention, and Readjustment Assistance Program" for those individuals who serve on active duty for a period of 2 or more years after December 31, 1976. This would be accomplished through the addition of a new chapter 33 to title 38. The purpose of the program is to recognize that a program of educational, vocational and employment benefits provided to veterans and active duty personnel fulfills our Nation's commitment to reward honorable service and provide for qualified military personnel.

Individuals would earn entitlement to educational assistance at the rate of 1 month for each month or fraction thereof of the individual's active duty after December 31, 1976. The secretary of the service concerned could authorize entitlement at the rate of 1-1/2 months of assistance for each month or fraction thereof of service on active duty after October 1, 1981, based on military occupational specialities or other critical manpower areas.

Entitlement would be limited to 45 months and the individual would have to utilize the benefit no later than 10 years following his or her last discharge or release from active duty after December 31, 1976. Educational assistance would be authorized at the same rates as those now payable to veterans pursuing programs of education under the GI Bill. A single veteran pursuing a full-time institutional program under the GI Bill, for example, is entitled to $342 per month. Higher rates are payable to veterans who have dependents.

Those eligible under this proposed new program would be eligible for educational loans; and individuals could choose to have the rate of their monthly assistance increased to cover the cost of their educational expenses provided they have their entitlement period reduced proportionately.

An individual entitled to educational assistance under the proposed new chapter who has served on active duty for a period of 8 years or more could elect to transfer all or any part of his or her entitlement to the individual's spouse or to a dependent child or children. Such a transfer may be revoked at any time and the spouse or child to whom entitlement is transferred would be entitled to use such entitlement in the same manner and in the same amount as the veteran, except that, if the veteran is still on active duty, the delimiting date applicable to the spouse or child would be 6 years after the date the actual transfer is made. If a transfer is made to more than one individual, the entitlement shall be divided in such manner as the veteran shall specify, or, if the veteran fails to so specify, the amount of each shall be determined by the Administrator of Veterans Affairs.

Individuals who, after October 1, 1981, agree to perform 4 or more years of satisfactory service as members of the Selected Reserve of the Ready Reserve would be entitled to educational assistance for a period of 1-1/2 months for each month spent on active duty for training and 1 month for every 2 months of such persons' service in the Selected Reserve. Maximum entitlement for reserve duty would be set at 36 months. Benefits would be based upon the amount paid under the GI Bill and individuals would be required to use their entitlement within 10 years after the date on which they initiate a program of education under this authority. An individual who is eligible for benefits under the current chapter 31 (vocational rehabilitation) and/or chapter 34 (GI Bill) programs, as well as the new program for reserves, could receive as much as 64 months of benefits under the combined programs. Utilization of the benefit may commence upon successful completion of active duty for training and 6 months of reserve duty.

SENATE BILL 48

S. 48, known as the "Armed Forces Earned Educational Assistance Act," would establish a new program of educational assistance targeted at enlisted members of the military, and their dependents. This new program would be included as new chapter 107 of title 10, United States Code. The stated purposes of the new chapter are to demonstrate that educational assistance will exact honorable service from Armed Forces enlistees; to foster retention in the military; and generally to benefit both the military service and the individual volunteer.

S. 48 proposes a new noncontributory program of educational assistance for high school graduates (or the equivalent) who perform the requisite enlisted service after enactment of the new program. Those who enlist or reenlist for the first time, and who are designated as having critical military skills, would earn 18 months of entitlement after 24 months on active duty; another 6 months during the next 12 months on active duty; and another 12 months during the fourth 12-month period on active duty. Those individuals who are designated as having noncritical skills would earn 12 months of entitlement upon completing 2 years of active duty, and an additional 1 month for each 2 months of active duty beyond the first 2 years. Maximum entitlement for all individuals would be 36 months. The amount and circumstances of benefit payments would equate to the current chapter 34 GI Bill program, which now pays an eligible, single veteran $342 per month for full-time institutional study.

Other features of S. 48 would permit in-service pursuit of education under the program; provide a 10-year period of eligibility following the individual's last discharge from active duty; and provide that appropriations and expenditures under the new program be considered functions of the Department of Defense, rather than the Veterans Administration.

SENATE BILL 248

S. 248 would repeal 38 U.S.C. § 1662(e), thereby eliminating the chapter 34 termination date of December 31, 1989, now in effect. The measure would further amend 38 U.S.C. § 1662(a) by specifying that eligible veterans whose last discharge or release occurs after December 31, 1979, could receive chapter 34 benefits until December 31, 1989, or 5 years after commencing a program which began within 2 years after their last discharge or release, whichever is later.

SENATE BILL 417

S. 417 is known as the "All-Volunteer Force Educational Assistance Act" and would establish a new program of educational assistance in new chapter 30 of title 38, United States Code. The purposes of the new chapter are to promote and assist the All-Volunteer Force program by establishing an improved educational assistance program; to help in recruitment and retention of well-qualified individuals; and to provide individuals with assistance in obtaining an education they might not otherwise be able to afford.

Basic educational assistance under the proposed new chapter 30 would be provided those entering a period of active duty after June 30, 1981, and serving either 3 years on active duty or 2 years on active duty, plus a 4-year

Ready Reserve obligation. These individuals would be entitled to benefits of up to $250 per month for 36 months. Supplemental educational assistance would be payable to those eligible for basic benefits, who have received a high school diploma or equivalency certificate, and who serve either 6 years on active duty or 4 years on active duty, plus a 4 year Ready Reserve obligation. The amount of supplemental assistance would be $375 for each consecutive month in excess of 36 months served on active duty, up to a maximum of $13,500. An eligible veteran pursuing full-time training could elect to receive his or her supplemental benefits in amounts ranging from $250 to $500 per month, and could elect to receive them concurrently with the basic benefits. Another requirement for receipt of supplemental benefits is an honorable discharge, whereas eligibility for basic benefits would require an other than dishonorable discharge.

In addition to the basic and supplemental benefits outlined above, S. 417 would authorize the Secretary of Defense to increase those levels to the extent deemed necessary and appropriate to assist in recruitment and retention of personnel in specified categories. Moreover, the secretaries of the service departments would be authorized to permit eligible veterans with 10 or more consecutive years on active duty, including service in a specified category, to transfer entitlement to one or more dependents. The transfer could be made or changed in any way by the veteran any time such veteran remains eligible to use his or her entitlement.

Generally, an eligible veteran could receive benefits in the 10 years after such veteran's last discharge or release from active duty. Children to whom entitlement has been transferred would have eligibility for 10 years after they reach 18 years of age or 10 years from the date the veteran becomes eligible by virtue of a change in discharge, whichever is later. Spouses to whom entitlement has been transferred could receive benefits for 10 years after the veteran completes 10 consecutive years on active duty, or after the veteran becomes eligible based on a change of discharge, whichever is later.

S. 417 provides that all payments for basic benefits entitlement used by the veterans themselves are to be made from Veterans Administration appropriations. All other payments (basic benefits transferred to and used by a dependent, supplemental benefits received by veterans and transferees, and any additional amounts of basic and/or supplemental benefits as increased by the service secretaries) are to be made from the Department of Defense appropriations.

8.

S. 417 would also amend the current termination date of the chapter 34 program by permitting eligible veterans whose last discharge or release occurs after December 31, 1979, to receive chapter 34 benefits until 5 years after the veteran first begins pursuing a program of education (provided the veteran initiates the pursuit within 2 years of discharge or release) or December 31, 1989, whichever is later. The bill would further amend the chapter 32 contributory educational assistance program (VEAP) by barring initial enrollment in that program as of January 1, 1982, and by disenrolling from the VEAP program all participants who become eligible for basic benefits under the new chapter 30.

SENATE BILL 742

S. 742, the "Veterans' Education and Training Program Act of 1981," would establish two new programs of educational assistance for servicemembers, veterans, and dependents, to be included as new chapters 29 and 30 of title 38, United States Code. The stated purposes of the basic program are to provide educational benefits as an inducement to honorable service by military enlistees; to foster retention in the regular and reserve components of the Armed Forces; and generally to benefit both the military and the individual volunteer.

Proposed chapter 29, as contained in S. 742, would create a noncontributory educational assistance program for persons enlisting or reenlisting in the Armed Forces on or after the date of enactment of the chapter. Those who serve until the end of the first 24 months on active duty accrue 18 months of entitlement to educational assistance; those continuing on active duty another 12 months gain an additional 6 months of benefits; and those remaining on active duty for another 12-month period would receive 12 more months of benefits. Maximum entitlement is 36 months. The amount and circumstances of the benefit payment would be the same as under the current GI Bill program (chapter 34), which now provides a single veteran with $342 per month for full-time institutional study. Funding of this new chapter would be by the Veterans Administration.

Proposed chapter 30 would establish a contributory educational assistance program for enlisted members with at least 6 years on active duty. Such veterans would be permitted to enroll in the program and participate by making contributions into a matching fund. The individual contributions would range from $25 to $100 monthly, to a maximum of $6,000, and would be matched by the Department of Defense on a $2 for $1 basis. Thus, with the maximum contribution, an individual could accrue $18,000 in his or her fund. In addition, the Secretary of Defense would have authority to add even more money to an individual's fund for the purpose of encouraging that person to remain in the Armed Forces. Eligible veterans could transfer any contributory benefits to a spouse or children, and could revoke such transfer at any time. Funding of this new chapter would be by the Department of Defense.

SENATE BILL 899

S. 899 is designed to provide a noncontributory educational assistance program for veterans and members of the Armed Forces in order to recognize "satisfactory and honorable service." The new program would be included as a new chapter 44 of title 38, United States Code. The stated purposes of the proposed new chapter are to provide a meaningful benefit to those who faithfully and honorably serve in the military, and to encourage and assist such persons in their self-improvement by supplementing their educational costs.

To be eligible for benefits under S. 899, the person must enter, reenlist, or extend an active duty tour after September 30, 1981, and serve 6 years on active duty, or 4 years on active duty with a 2-year Ready Reserve obligation, or 3 years on active duty with a combined 3-year Ready/Individual Reserve obligation, or 2 years on active duty with a combined 4-year Ready/Individual Reserve obligation. An honorable discharge or a certificate of honorable service would generally be required. Entitlement to benefits would accrue at 1 and 1-1/2 months for each 1 month of active duty, and 1 month for each month in a reserve component, to a maximum of 36 months. The amount of monthly subsistence for full-time study would be $400 for each month of entitlement earned for active duty service and $200 for each month of entitlement earned for reserve duty.

Persons eligible for educational assistance under S. 899 would be permitted to transfer unused entitlement under the new chapter 44, or chapters 32 (VEAP program) or 34 (GI Bill program), to their children, under regulations prescribed by the Secretary of Defense. Further, upon certification by the Secretary that an "expansion" of the benefits provided under the new chapter 44 is required for recruitment and retention purposes, the Administrator would be empowered to expand such benefits. The method of such an expansion, as well as the additional benefits to be provided, would be determined jointly by the Administrator and the Secretary of Defense, and would be reported by the Administrator to the Congress within 180 days of the effective date of such expansion.

10.

S. 899 would also repeal the current December 31, 1989, termination date of the chapter 34 educational assistance program. There is also a prohibition against earning entitlement under chapter 44 for any period of active duty for which an individual earns entitlement under the chapter 32 (VEAP) program.

Mr. **Bergquist**. What I will do is I will just address the question to you and then if you don't want to address it, yourself, you can direct it to one of the other members of the panel.

What are your views on the success or lack of success of the post-Vietnam veterans educational assistance program?

Mr. **Kane**. Well, I think it is clear that since it was originally enacted the VEAP has not been a resounding success; in fact, it has been a disappointment. But to their credit, the Congress very clearly recognized this problem and they did take steps to try to correct it—the transferability, the spread of the dollar amount of the monthly contribution, allowing the Secretary of Defense to make contributions in certain instances, and allowing lump-sum payments. So I think it is a much more attractive program now than it was originally.

I have to admit, though, personally I am disappointed at the results, that they have not been more dramatic since last fall. But then again it has only been about 6 months. I think the program is only now really being tested. So I think we need the final results. But I think it is fair to say it has not been a resounding success.

Mr. **Bergquist**. Do you think that the changes that were made will significantly increase participation over the next year?

Mr. **Kane**. We would hope so, but I have to be candid and tell you I don't have any results that would prove that.

Mr. **Bergquist**. They all seem to indicate that the increase in participation was rather insignificant.

Mr. **Kane**. It is modest, yes.

Mr. **Bergquist**. In your testimony you proposed an extension of the VEAP program during its evaluation period. What happens if the Congress follows the VA's advice and does not enact alternative legislation, and the VEAP evaluation concludes that the program was inadequate and should be terminated.

It seems to me that we now already have a fair idea of most of the inadequacies of VEAP and that now is the time to design a new program which can either replace VEAP or improve VEAP.

Mr. **Kane**. If you do not continue VEAP and you do not pass a new GI bill, there would be a vacuum and I don't think anyone wants that.

Mr. **Bergquist**. I am sure the committee wouldn't do that.

Mr. **Kane**. Yes.

Mr. **Bergquist**. What is the VA's position with respect to an extension of educational benefits for inservice use? If such an extension is provided would you have a preference as to the design of such a program, its funding and its administration?

Mr. **Kane**. Well, it has always been our position that with our 40 years of expertise and experience we are the ones best qualified to run a GI program, at least as to basic entitlement.

We have said on several occasions that when you get into your kickers and your special bonuses, incentives and all, we could leave that to the Secretaries of the various services.

As to the form of an inservice program, I would defer to my colleagues to see what views they have on that.

Mr. **Dollarhide**. If I might express a personal opinion, I would have to say, based on experience from the program management level, that it is important I think here, and unlike it has been under the current GI bill, that the Congress consider placing funding for the inservice educational programs in the Department of Defense budget.

I think that it is important to enforce stronger oversight of program quality out there where education is delivered under control of those in command of the troops. This I think would eliminate a lot of abuse as was experienced in the PREP programs.

Mr. BERGQUIST. Do you believe that, in the context of an All-Volunteer Force, in the context of using the educational benefits as a recruiting and retention tool, that there is anything significantly—or what is your opinion about limiting the availability of such benefits to only those veterans with high school diplomas and GED equivalencies in an honorable discharge?

Mr. KANE. I will take the educational level first. The stated purpose of all these measures is to upgrade the quality of people we are getting, and the services have testified they are having trouble with high school dropouts; they are the people who don't stay in for their first enlistment.

So I would think with that in mind you would want to either require a high school diploma prior to entering the service or within the first 2 years, prior to being entitled to a GI benefit, which is what I think they have done in H.R. 1400. I think ultimately you have to require it. Whether or not you require it coming in, I am not sure.

As far as the caliber of the discharge, it seems to me that the allowance of a less-than-honorable discharge was appropriate in the Vietnam-era bill under the circumstances.

But if our stated purpose in a new GI bill is to upgrade the quality of the services and the people we are attracting, it seems to me reasonable that we require an honorable discharge. I don't think we should reward volunteers for less-than-honorable service—bearing in mind that there is no draft.

Mr. BERGQUIST. That brings up the obvious question. How would you—if we pass the program that did limit the availability of educational benefits to high school graduates or those who achieve a GED before they leave the service and limit it to perhaps not just honorable discharges, but to discharges under honorable conditions, which will include a general discharge—so assuming we have that program and then some form of conscription is reinstituted, do you think that we should then change the criteria to participate in the program?

Mr. KANE. Well, ultimately we would have to defer to the Congress. My personal opinion, though, is that with a draft there is more of an argument not to have so stringent a requirement. But that doesn't change my personal opinion that we ought to have it.

I think the reason we did not have it in the Vietnam bill was not only the fact that we had a draft, but the turbulent history that we were involved in and the confusion and the discord that was going on. I see nothing wrong with expecting the very best of people.

Mr. BERGQUIST. I would appreciate it if you would provide to the committee some relevant data, and I will just list it here. First off, the number of individuals who have enlisted in each service by year after the VEAP program became effective.

Mr. KANE. We are speaking of VEAP and the DOD program?

Mr. **Bergquist**. Right, and the number of those who elected to participate in the program, and of this number those who use their benefit after discharge, and finally those who still have contributions remaining in their educational fund.

Mr. **Kane**. I think I can give you that right now. We have had a total of 6,907 people who have trained under VEAP; there are presently 188,717 active participants; there are 62,622 people who have terminated their allotments, but not requested a refund; there are 109,326 individuals who have cashed in their entitlement; and there have been 360,665 total participants in the program. I might add that when we say that we have had 6,907 people in training, it is only now that people are really qualifying for it because of the time period involved. So I don't know if that figure tells us anything or not. We are on the very front end of the training now.

[Subsequently, the Veterans' Administration submitted the following information:]

The breakout of active participants by services is as follows:

Air Force	16,726
Army	88,766
Coast Guard	3,050
Marines	33,722
Navy	45,862
NOAA	21
PHS	570
Total	188,717

FIRST ENLISTMENTS IN THE ARMED FORCES, BY MONTH AND YEAR, 1975–80

Month	1975	.976	1977	1978	1979	1980
January	35,019	37,549	34,398	25,676	26,188	32,445
February	29,750	30,550	29,553	20,901	20,613	28,649
March	24,170	28,947	29,050	20,923	18,439	25,512
April	23,126	24,430	24,078	16,668	20,836	20,857
May	30,062	26,204	24,700	16,912	21,772	24,843
June	47,635	46,104	41,725	37,681	34,945	35,185
July	36,236	39,369	39,292	35,491	39,448	38,575
August	37,776	41,169	37,290	33,291	33,554	33,994
September	37,245	38,158	34,301	33,064	36,431	34,115
October	34,646	34,816	NA	22,921	31,154	
November	33,200	28,908	NA	19,673	26,620	
December	23,839	23,211	17,912	15,560	17,681	

Mr. **Bergquist**. Several bills before the committee provide that in addition to an educational allowance, a certain amount of the veteran's tuition should be paid by VA or DOD. Do you have any comments regarding a tuition plus an allowance plan?

Mr. **Kane**. Well, if you look at the history of the various GI bills, in the World War II program we did pay tuition and there was great abuse. The Teague committee found so much abuse that when Congress drafted the Korean bill they did not include tuition payments and, of course, the current GI bill does not include any such provisions. I would think that if we included tuition, we would probably go back and find the same problem we had in World War II. So we, as individuals would not favor it.

Mr. BERGQUIST. Several of the bills before the committee provide for variable monthly education allowance based on the individual's length of active service. Other bills provide for a two-tier approach, provide a basic allowance plus additional amounts based upon the individual meeting certain requirements. I think those are requirements of—specific in lessons or duty assignments.

Could you comment on each of these approaches? And any personal views will be appreciated.

Mr. KANE. Well, of course, all the views I am giving at this point in time are personal. As I see it, we have two goals with all these bills: One, to induce qualified people to enter the military; two, to keep them in.

So it seems to me the logic of the two-tiered system fits our situation. As far as having different monthly payments with different groups of people, that can cause us administrative problems because of the limited computer capacity we have.

Now, if you have people getting basic entitlements for, say, 3 years of service and other people getting basic entitlements plus a supplemental for 6 years of service, that is no problem. But when you have 50 to 60 to 70,000 people each getting a different amount each month, we could not handle it. So they would have to be fairly even groups of people.

Mr. BERGQUIST. Do you have any available data on numbers of service members who took advantage of the Vietnam-era GI bill while on active duty?

Mr. KANE. One second, please. 698,558.

Mr. BERGQUIST. Was that primarily for secondary school completion or was it——

Mr. DOLLARHIDE. That is across the board.

Mr. BERGQUIST. That is across the board. Do you have a breakout on secondary, postsecondary?

Mr. DOLLARHIDE. Well, I could give you a whole list of things here.

Perhaps it would be better to supply that for the record.

Mr. BERGQUIST. You can supply it for the record.

Mr. KANE. We haven't interpolated it but we can give it to you.

Mr. BERGQUIST. OK.

[Subsequently, the Veterans' Administration submitted the following information:]

The entire breakout of different types of training for chapter 34 service members would be as follows:

Institutions of higher learning:	
Graduate	103,337
Junior college	94,417
Other undergrad	120,967
Subtotal	318,721
Nondegree	25,525
Correspondence	708
Free-entitlement	38,188
Noncollege degree:	
Flight	23,175
Other	356,662
Subtotal	379,837

Correspondence	194,763
Free-entitlement	142,536
Total	698,558

Mr. **Bergquist**. Okay. It becomes a very interesting aspect when we are dealing with having benefits available and all that serves.

Do you think that the VA should be involved—you may have already answered this. Do you think that the VA should be involved in inservice educational benefits or should DOD be totally responsible for it financially and administratively?

Mr. **Kane**. Should we be financially and administratively involved?

Mr. **Dollarhide**. I would like to elaborate a little bit on what I said before when I indicated that if training is going to occur while they are under the jurisdiction of the services, that I personally think better control would be possible, and more accountability is possible, if that part of the budget was under the Department of Defense and the military services. I think they would definitely have more interest in the quality of education those benefits were expended for.

I personally think our position should be consistent with the fact that we are the Veterans' Administration. We are interested in veterans, and the basic benefit is geared to that type of person.

Mr. **Bergquist**. In your opinion do you believe that the new GI bill that the committee recommends should provide for variable rates of payments depending on the number of dependents that a veteran has, or since this is a volunteer Army, should this just be a flat rate?

Mr. **Kane**. I think of all the bills we have considered, only maybe one or two have anything extra for dependents, if that many. It seems to me logical and reasonable and fair that, if you have an all-volunteer military, you don't have to go to the same extent that you did when people were subject to the draft. So I see no problem with having a flat rate, since these are volunteers.

Mr. **Dollarhide**. Another other point, Mr. Chairman, would be that it is expensive to pay for the added cost.

Mr. **Bergquist**. Some of the proposals that have come before the committee involving educational benefits for the reservists require that the individual has served on active duty for a specific period of time, and then in the Reserves, and then he receives an educational benefit based on differing rates between his active service and his Reserve service. Some programs will allow individuals to not serve on active duty but to serve in the Reserves and receive educational assistance.

I would like your opinions on what you think would be advisable, in terms of providing educational assistance to reservists, if at all.

Mr. **Kane**. Well, of course, to begin with, I have to defer to the military on what best serves their needs. But I can relate from my own personal experience when I was in the regular Army and got called back during the Berlin crisis to help fill in the ranks of a Reserve outfit. Very few of the people in that reserve outfit had actually been in the Army. And it took a while to convince myself and some of the other people that we were in the Army. I think they ought to have a minimum period of active duty training.

Mr. **Bergquist**. Well, I think that concludes our questioning. I would like to thank you and the other members of your panel for appearing today. Although I don't really have the authority to terminate these proceedings, we shall suspend until tomorrow.

[Whereupon, at 12:47 p.m., the hearing was recessed, to reconvene the next day, Thursday, July 23, 1981.]

[The following written statements and other related materials were received by the committee for the hearing record:]

PREPARED STATEMENT OF

National Military Wives Association, Inc.

2666 Military Road, Arlington, Virginia 22207 **703-841-0462**

July 14, 1981

Mr. Chairman, distinguished members of the committee,

I am Judy Pearson, Chairperson of the education study group of the National Military Wives Association. I appreciate the opportunity to address the issue of transferability with regard to the educational incentives legislation being considered by your committee. The National Military Wives Association believes that if this new legislation is designed to recruit and retain superior career military members, it is essential that a provision be made for transferability to spouses and dependent children.

Although the military usually recruits a single person, the majority who reenlist or remain are married. Air Force members with families comprise 66.6% of their force; 54% in the Navy are married; and 55.5% in the Army. A study sponsored by the Office of the Chief of Chaplains, USAF, states, "The most important factor related to retention decisions among married men and women is spouse support for an Air Force career. Without that support only 30% of the men and 26% of the women still make a career commitment. Spouse support is particularly important among younger enlisted and officer members since these marriages are more likely to have nontraditional family values with more shared decision making. This means spouse support may be more important in the future."[1]

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[1] Dennis K. Orthner, Families in Blue; a study of married and single parent families in the U.S. Air Force, 1980, p. 27.

The decision to remain in the service has become a family decision; even more importantly, a family commitment. Inflation during the last decade, along with pay caps have caused active duty pay to fall behind by 20%. Last year's 11.7% pay raise could barely permit the military family to keep up with that year's inflation. Many families are struggling just to meet daily living expenses. According to an Air Force study, one out of five married men and single parents are working second jobs to make ends meet.

The economic climate of the seventies, and the inadequate financial status of the military family have forced the military wife into the labor force. Employment of military wives increased 20% from 1970 to 1979 with 50.2% working, a figure slightly greater than that of civilian wives' employment. Air Force statistics quote employment of officers' wives at 44% with junior enlisted wives as high as 71%. These employment figures may appear high, but one must consider the fact that unemployment among military wives was 12% in 1979 compared to 5% for civilian wives.

Considered transient and temporary because of her husband's military status, finding employment is difficult. Once found, she is consistently paid less than her civilian counterpart. Most often placed in clerical jobs (41.8%), career development, progression or advancement is a lost dream. Continually starting over at entry level positions with each change of station, the military families' financial situation does not improve.

Military mobility compounds family financial problems. Each year military families spend over one billion dollars out of their own pockets for authorized moves. Junior enlisted personnel are responsible for their own moves. Families lucky enough to have saved their money and purchased a home are repeatedly faced with the decision to sell the home, absorbing the loss of thousands of dollars in realtor's fees, closing costs and related expenses. Civilian families transferred within private industry and the federal government are often provided with bridge loans, house hunting trips, more adequate per diems, and in some cases, the unsold home is purchased by the company. Each move means financial loss. Moving an average of every two to three years during a 20 to 30 year career, the loss becomes a substantial financial burden for the military family.

Children may pay the highest toll in this mobility. Not only must they leave behind the familiarity of home and friends, but they must conform to teaching methods which may vary dramatically from state to state. In an Air Force study only about one-half of married couples see the Air Force as a "good environment" for raising children. The percentage was even less favorable for those stationed overseas. The same study revels that servicemembers in the lower officer and enlisted ranks are even more doubtful about this environment for their children.

Despite the financial problems, high mobility and long separations, military families make homes wherever they are assigned, involving themselves in community activities. They want their children to have good educations. Struggling to pay daily bills, it is virtually impossible to save for college educations. Many families have been discouraged to find that despite the high Scholastic Aptitude Test scores received by their youngsters, few scholarships are available to them. Yet, classmates with similar scores are eligible for scholarships because their parents are employed by companies offering scholarships to employees' dependent children.

What is the military parent to do when faced with the painful decision of remaining in the military service, which allows him little opportunity to assist in his children's college education? Increasingly, many mid-level career persons are leaving the service, turning down key career developing assignments because of family needs and considerations.

For those families who remain in the service, providing a college education for their children can be extremely difficult. Some students try to move with their parents attending local colleges, losing credits each time; while others return to their home state to obtain the benefit of paying in-state tuition to state colleges and universities. Residency requirements in terms of in-state and out-of-state tuition vary from state to state. Travel expenses to return to the parents' current home financially burden the family.

The eight to twelve year point in the service member's career seems to be a critical point. Having already invested a lot of time in developing a career, having acquired a feeling of belonging to an organization, the military member is looking for some guarantee that his young family will be adequately cared for financially, medically, and educationally. He hopes he can college educate his children. But no guarantees are provided. Private industry is snatching up these bright young service members, who are already trained, enticing them with elaborate and comprehensive benefit packages and substantial pay. Can they be blamed for leaving, for wanting their families to be secure?

A transferability provision in the educational assistance legislation could offer the potential careerist just the right incentive to stay with the military service. It would provide the military member and his family options too important to overlook. The member having earned this benefit could choose to use it as he pleases. For instance, a spouse could complete her education, increasing her earning capacity, thereby improving the families' circumstances. The servicemember would have already served at least two-and-one-half years for each school year earned.

The National Military Wives Association favors transferability to all dependents, spouses and children alike. We are opposed to a transferability limited to just those dependents of servicemembers with critical skills. That would reduce morale and create inequities in the military community.

We also favor transferability at the 10 year point. A usable benefit at this point in the servicemember's career could help compensate for the disadvantages of imposed mobility, frequent separations, and comparatively low pay. All too often, benefits such as 30 days leave, free medical care and space available travel are advertised, yet the careerist is not able to take full advantage of them.

As a retention tool, the transferability provision is critical. The servicemember must "earn" the benefit and, therefore, should be allowed to choose how it is used. If the argument is raised that it will become too costly, one must look at the long-range effects of not offering the provision. Highly trained personnel, specially schooled technicians, sophisticatedly educated young officers will be lost to private industry because they cannot afford to provide for and educate their families as they wish. Billions of dollars spent by the Department of Defense and the Department of Transportation in training personnel will be wasted. The cost of offering one dependent per military member a college education would be rewarded many times over by retaining existent and future highly qualified, expensive personnel the services now have.

Thank you for providing the National Military Wives Association the opportunity to express our views on this very important legislation.

TELEPHONE
(AREA CODE 202) — 298-9282

NAVY LEAGUE OF THE UNITED STATES
(FOUNDED 1902)

818 EIGHTEENTH STREET, N.W., WASHINGTON, D. C. 20006

PREPARED STATEMENT OF
THE NATIONAL PRESIDENT OF THE NAVY LEAGUE

MR. JOHN M. RAU

BEFORE THE
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES SENATE

FIRST SESSION, 97th CONGRESS

IN SUPPORT OF
EDUCATIONAL ASSISTANCE FOR VETERANS -
ACTIVE DUTY ARMED FORCES PERSONNEL

22 JULY 1981

TELEPHONE
(AREA CODE 202) — [illegible]

NAVY LEAGUE OF THE UNITED STATES
(FOUNDED 1902)

818 EIGHTEENTH STREET, N.W., WASHINGTON, D. C. 20006

22 July 1981

A Statement to
The Senate Committee on Veterans Affairs

Mr. Chairman and Members of the Committee:

I am addressing you today not only in behalf of over 42,000 dedicated Navy League members, but as a product of the WWII GI Bill. I saw service as a Navy enlisted man in both WWII and Korea -- but between wars obtained three engineering degrees from the Massachusetts Institute of Technology, awarded simultaneously. My education was paid for by the GI Bill.

I also am addressing this issue on behalf of the men and women of our armed services - particularly the sea services - with whom I have recently had substantial contact. I append a report of my around-the-world trip to visit ships and installations of our Navy, including over a week in the Indian Ocean on all of the ships of one of our task groups there. As a former first-class Petty Officer, I spent most of my time with Chief and other senior Petty Officers discussing their feelings and beliefs, their needs and requirements. In over 75 hours of such conversations I obtained, I believe, the true feelings of literally hundreds of officers and men.

I do not believe it necessary to dwell on the rigors of service in the Navy at sea or specifically in the Indian Ocean, nor on the problems which our services face in terms of retention of skilled personnel. Let me say only that the nature of this duty, the long family separations, and the tremendous technical skills that we require for our sophisticated equipment impose an unusually hard burden on our young people.

It was very clear to me throughout my four-week trip that the issue of compensation, of pay and benefits, is something which is extremely important to our sailors at sea. They view it not only for its intrinsic value, but also as an expression of the interest and concern that the citizens of our country have for what they are doing to protect the freedom of the seas. Second in order of their concerns, immediately after pay and allowances, was the GI Bill. This is viewed as a most important benefit and one which concerns the very best of our people, the brightest and most upwardly mobile, the ones we wish to keep. The points concerning the GI Bill that they conveyed to me, and I in turn wish to make for them principally are:

1. The current situation, with the GI Bill terminating in 1989, thus forcing people to leave the service in 1985 if they wish to take full benefit of it, is obviously counter-productive. They believe that the bill should be extended either open-ended, or at least to provide for a number of years after leaving the service.

2. They believe, and particularly those who intend to make the Navy a 20- or 30-year career, that it is both unfair and unwise not to have the benefits "transferable" to members of their families. Many of these men will have gained college degrees during their long period of service, through correspondence courses, or night school attendance during infrequent assignments ashore, and they believe they should be allowed to transfer their benefits to wives or children. (I would presume that female sailors would feel the same way; however, I did not encounter any of them in the Indian Ocean, of course.)

3. Many of the more senior petty officers believe these benefits (including transferability) might well be scaled in accordance with length of service -- thus encouraging the individual to stay in longer so as to improve their benefits.

As a businessman and a taxpayer, let me make some further points: (1) An educational benefits package is an optimum form of compensation because it does not raise retirement costs; (2) many people are encouraged by it who would in the final analysis not actually use it; and (3) its net cost to the country is probably a benefit and not a cost. By that I mean that the tremendous input to our society of trained people which we experienced after WWII because of the GI Bill was largely responsible collectively for the prosperity that the country then experienced.

We in the Navy League and I personally urge you most strongly to support the continuation and the enhancement of these benefits.

Thank you.

Debriefing: A Citizen's Trip to the IO

'In Three Dimensions and Living Color'

Navy League National President John M. Rau spent the period 8 May through 11 June, inclusive, visiting Navy units ashore and afloat at various duty stations around the world. His trip, conducted at no expense to the government, started in Washington, D.C., with intensive background briefings, and continued with visits to countries in the Mid-East. He then spent eight days aboard a number of ships in the Navy's Indian Ocean (IO) task force, with a brief stop at the U.S. Navy facility on the island of Diego Garcia also included.

His itinerary next took him to Subic Bay, the Philippines, thence to Okinawa and Yokosuka, Japan, the Seventh Fleet, Honolulu, and back to Washington (after a brief "homeport" stopover in Los Angeles). At each stop he met with senior U.S. Navy officials as well as with numerous enlisted personnel, junior officers, and Navy dependents. He also, where possible, visited additional fleet units and shore facilities.

Navy League Executive Director Vincent C. Thomas, Jr., and SEA POWER Editor James D. Hessman discussed Rau's IO trip with him at considerable length—"debriefed" would probably be a more accurate term—following his return to NLUS headquarters in Washington. The interview that follows, edited principally to remove redundancies, repetitions, etc., is based on that discussion.

It remains nonetheless a very long interview, and, as Rau himself stresses, reflects the opinions and views of just "one man"—who has, however, seen, on an unusually close basis, a number of the ships of our Navy at work and is also the only "outside observer" (non-government U.S. civilian or company technical representative) who has visited the IO task force since the beginning of the U.S. Navy's Indian Ocean buildup. (For that reason, the interview/debriefing has been deliberately restricted to Rau's observations about the Indian Ocean task force, rather than attempting to include additional views and comments about other Seventh Fleet and Pacific Fleet operations.)

With that caveat, we believe that Rau's perceptions, comments, and recommendations are well worth reading by every member of Congress and the executive branch charged with responsibility for U.S. national security, as well as by all Navy Leaguers and other concerned citizens interested in national defense.

John Rau's own background and qualifications to embark on such an odyssey and to discuss the broad spectrum of issues covered in the interview are, if not unique, certainly exceptional. An engineer (three degrees from MIT) and businessman, he is president of David Industries of Irvine, Calif. During World War II he served in the Navy as a radio technician with the amphibious forces in the Pacific. He returned to active duty during the Korean War as an enlisted member of the Naval Reserve. A member of the Navy League for 19 years, he also has been active in numerous other patriotic and civic organizations and in national, state, and local politics. *The Editors*

SEA POWER: John, what's the good news and what are the concerns, both on the part of the fleet as you've seen it, and the concerns that you yourself have? And what are some of the solutions?

NLUS National President John M. Rau: I think the problems you start out with, basically, are dictated by the geography and the environment. Everything you are attempting to work in the Indian Ocean is influenced by those two factors. *It is hot!* And it's more than just hot—it is so hot and so humid, and *the sea water* is so hot that equipment may not work—because it doesn't have the cooling water to start the whole cycle. You have equipment dropping out—electrical power equipment. You're faced with never-ending, omnipresent, oppressive heat in all but the air-conditioned spaces, and even there you don't ever have really comfortable temperatures.

I wasn't there in the monsoon season, but I'm informed it just gets a helluva lot worse. You get sand, rain, very high waves, and you've got distances to contend with which are just incredible to contemplate. Look: We saw ships are

Among the more rewarding aspects of NLUS President Rau's visit to the IO task force were the sessions with enlisted members of the ships' crews, and the tours of various electronics and engineering spaces.

in the Indian Ocean when they leave Australia or transit the straits from Singapore. But there's a full week's steaming time at high speed—maybe 10 days at normal cruising speed before you're really in the Gulf area. And you're operating with a supply base almost as far away from the fleet as it would be if you were trying to support the Pacific Fleet out of San Diego instead of from Pearl Harbor.

That would be moderately difficult, I'd say.
RAU: Of course, the primary problem as I see it is the effect on our combat capabilities. We're there because that's where the oil is. But if you look at the geography of the region you see that the whole situation favors the Russians. They have an easy problem, and we have an extremely difficult problem, covering all the things centered in the Persian Gulf.

Can you be more specific?
RAU: They have land-based aircraft; they can overfly the Gulf to another land base; and they can overfly us. They have relatively short lines of communication from bases they have already established. If you look at what they have accomplished politically, you see they're encircling the area with states that are either friendly to them, or are dominated by them, or in one way or another over the past several years have become beholden to them.

I'm not a political scientist and don't think I should try to give a lesson on that subject, but the maps and the analyses are available from a lot of other people. Anyway, those are the things that strike to the heart of the problem. One of the most important things—this was made extremely clear to me—is the incredible significance of the loss of Vietnam and Cam Ranh Bay [a former U.S. base in Vietnam now used by the Soviet Navy]. Prior to getting Cam Ranh the Russians had extremely long transit times.

Would you tell us what ships you went aboard, how long you were in the Indian Ocean, and what your itinerary was while you were there?
RAU: I was in the Indian Ocean for approximately a week on board first the carrier USS America, the USS California—that's a nuclear guided missile cruiser—the destroyer Sellers, and the Mount Baker, an ammunition ship also being used as a supply ship for the whole fleet. My itinerary was by ship, helicopter, highline transfer, and practically everything but swimming and small boats.

You made an observation this morning, when we were talking to Admiral [James D.] Watkins [Vice Chief of Naval Operations], that you were in compartments belonging to every division aboard America. Can you expand on the types of things you did to familiarize yourself with both crew and ship?
RAU: I met usually with an officer or senior enlisted man from every department who then took me around to representative spaces; what I tried to do was see everything that makes the ship work. We were in the engine room, in the communications department, we went to the radar and radio transmitter rooms, we were in the boatswain's locker, in many, many berthing compartments. I ate in every mess on the ship—with the crew, the chiefs, the first class [petty officers], and in the wardroom one night. We were also in the ready rooms with members of [flight] squadrons, on the flight deck launching aircraft, with the LSO [landing signal officer] recovering aircraft, up on the bridge, a long time in CIC [combat information center]. I attempted to see all of the electronic gear, both because I relate to that personally and also because that's sort of our new Navy.

How would you compare the ships and the people aboard those ships with the ships and the people in the fleet at the times you were on active duty?
RAU: Relating to WWII-vintage vessels, the ships that I know of from both of my tours on active duty, I would say that the ships themselves are in many respects not a lot different today. The nuclear cruiser is an exception. But ships are still crowded, they're still hot, hard to get around in, and very tough places in which to work.

In terms of the hardware in and on the ship, there are radical differences. Not just the missiles, but my general reaction to America and to all of the CICs was that Star Trek is here in your U.S. Navy—the computerized, electronically-linked, highly sophisticated Navy where operating personnel can call up all kinds of data on their scopes. They can see where each ship and aircraft is, they've got all kinds of data in the memory bank—and the scope will draw a map

for you, it will expand things. The things TV tries to pretend are on the Starship Enterprise—well, they're on our Navy ships today. And this reflects on the crew—the crews are far more sophisticated in the kind of equipment they operate.

You mentioned the heat aboard ship and the uncomfortable and crowded living conditions. Is this particularly exacerbated in the Indian Ocean environment?

RAU: Very much so. The Indian Ocean is not only hot, it's also humid. We didn't have a clear day really the whole time I was there. There's enough moisture in the air that it just gradually seems to mist up or cloud over. It's made much worse by the fact that the water in the Indian Ocean is extremely warm and therefore all of the thermal systems which use sea water as the ultimate coolant start out with water far warmer than it's supposed to be. There were pieces of equipment either not working or working at greatly reduced efficiency because they didn't get down to 65° or 68° Fahrenheit but were operating at much higher temperatures than that. What's worse is that with the monsoon season coming it's going to get worse before it gets better.

In addition, surprisingly enough, there's a lot of dust in the air, sand from the Arabian peninsula and the African continent. Talking with some of my counterparts—electronics maintenance people—they indicated that one of the stresses in the Indian Ocean is the frequent cleaning of the antenna insulators because of the sand and the moisture in the air.

What's the exact temperature of the water? Do you recall?

RAU: As I recall it was in the 80s. And it's going to get worse, they said, during the monsoon season.

In addition to all that, the Indian Ocean covers such a large part of the world's water surface, with very little land in it, that there are few opportunities for port visits. How does that affect morale, and how might it have an impact on decisions on overseas homeporting?

RAU: What you put your finger on is maybe the most important and all-pervasive people problem in the Indian Ocean. What you have to realize is the tremendous distances involved everywhere you go in the Indian Ocean. This affects where ships come from, the logistics supply chain, the distance to liberty ports, reinforcing one battle group with another, and fleet operations in general.

The Indian Ocean is *gigantic*, and that really affects things like liberty. If you go to Singapore or Australia for a decent liberty your ship is steaming perhaps more than a week and out of the battle group. There simply are no really good liberty ports for IO ships other than the Med, Singapore, or Australia.

Would homeporting help?

RAU: As far as homeporting in the area is concerned, there are tremendous difficulties politically with the littoral states, and sociologically both with the potential host country and with our own people. My understanding is the Navy has decided against homeporting in the IO. Certainly I, in an inexpert way, concur in that decision. There's just no place to put American families and American ships because there are no facilities for people, for repairs, for anything. Homeporting in Guam, Subic Bay, or Australia—all of which have been mentioned—would give us more IO flexibility.

Wouldn't these problems affect the Soviet Navy in much the same way? If not, why not?

RAU: They do affect the Soviet Navy in some respects. But the Soviets have a number of advantages. First, the ultimate problem of interdiction that they face is a much easier problem than the problem we have—protection of the sea lanes. As we well know from our experience in the North Atlantic in World War II, one ship, just one submarine, can wreak havoc. But it takes an awful lot of ships and men to *protect* cargoes and convoys.

Another thing: The Russians have some bases in the area that they can operate out of—for example, the Ethiopian island of Dahlak in the Red Sea. Now, they do not operate nearly the size fleet we do. But they can overfly our fleet from land bases. They are much closer to the Indian Ocean, from their own sovereign territory, than we are, even with the most forward supply facility we have in the area—Diego Garcia.

How valuable is Cam Ranh Bay to the Russian Navy? As valuable, say, as Pearl Harbor is to the U.S. Navy?

RAU: From what I heard, and from my own knowledge of geography—as well as from some specific conversations that I had with people like Commander-in-Chief, Pacific Fleet and Commander, Seventh Fleet—I would say it's much more valuable, proportionately, to the Russian Navy.

Coming back to the subject of the equipment you saw on board, and the people operating it—given the sometime lack of skills of those coming into the service today, what was your impression of how well these ships are operating from the standpoint of maintenance of equipment, and being able to meet all the operating requirements?

RAU: I would say the ships are in surprisingly good shape. I had expected they would be in far poorer shape in terms of maintenance and sustainability.

But the people maintaining the gear are coming through the Navy's technical schools in far less time now. I did get from a number of people I spoke with—some of the chiefs and the first class—that there's concern over the shortening of service school time. Nevertheless, the gear is continuing to work—in my judgment, mostly because of the tremendous number of hours being put in by senior petty officers—and I mean 16-18 hours a day.

But we are stressing our physical and personnel assets out there very hard. Maybe too hard. One thing some of the technicians I met with took pride in, though, was the fact that they are fixing on board America things they were told they *couldn't* fix. But since they had to do it, they did it. Certainly the individual initiative of the American sailor is just the same as it always has been. That's got to be one of our great natural resources.

Did you gain the impression that operations over there will take their toll on the lifespan of a ship much more rapidly than operating in the Western Pacific or the Med?

RAU: I don't know that I'd use the phrase "much more rapidly." There is certainly an acceleration of wear and tear on the ship due to the temperatures, and also due to the tempo of operations. Certain units, certain pieces of equipment, are being worked much harder. The air crews, for example. They're flying sorties all the time. We're launching F-14s [fighter aircraft] regularly, we're putting flight time on them, and we're stressing and wearing out our front-line fighters. That's what we *have* to do under the present circumstances. But we ought not to kid ourselves that this is just a peacetime force being maintained and trained.

We *are* consuming the physical assets—some more than others. I'm more concerned about the consumption of the *human* assets, though, because the stress of standing a 12-hour watch, then doing some other duty, going 16-18 hours a day, seven days a week—all that in the kind of temperatures we're talking about—that produces a lot of fatigue. And it produces very quick wear-out. Some people are just not going to take years and years of that. They're going to leave the Navy.

Now, I know the Navy has some major programs underway to help with this problem. Heat stress surveys are taken regularly, a number of times a day. Temperatures are charted; crew members are not allowed to stay in the hot spaces longer than certain periods of time, or stand watch in certain temperatures. My observation is that the rules are being followed closely. But this is still not the kind of duty a guy wants to get, five years out of seven in a Navy hitch.

What are some of the temperatures you're talking about?

RAU: I personally observed temperatures ranging from 105° to 135° Fahrenheit in the boiler rooms. Everybody tries to stand under the air vent, but even that air is hot. And it's humid.

Sure, I know, the boiler control rooms are now enclosed, and they're air-conditioned. But there are guys who are still working outside, and it's just too damn hot. I went up and down dozens of ladders on which the railings were too hot to hold. You touch them for guidance but you do *not* want to take a firm handhold because you're going to burn your hand.

The IO deployment, added to the many other Navy missions, has also increased family separation time for most personnel. Did you hear any comments on that subject, and how does it affect retention?

RAU: The answer to that is, of course, a resounding "Yes." There's no question about it. You put your finger on probably one of the greatest concerns of the crews. There are a lot of things wrong with sea duty in the IO that sailors *don't* complain about because there's nothing that can be done about them. I did not get a lot of feedback about the heat, for example, the hard work, the long hours, the pressures, the tension. These are things which the American sailor certainly doesn't like, but accepts as part of sea duty, and particularly sea duty in what is in essence a combat-ready state. Those ships are sailing almost as if they were in combat—except they're not shooting.

What they *are* concerned about is their families. The other major concern, which we'll touch on in a minute, is the appreciation, or *lack* of appreciation, of what they're doing, on the part of the American public and its elected representatives. One of the striking things about the crews on these ships, or the sailor anywhere in the Navy today, is how much more the Navy is a part of our regular society.

What do you mean by that?

RAU: Look: Sailors today are interwoven into the fabric of our civilian community. Even the very young kids, the non-rated [enlisted personnel], have wives, have children, have homes. The burden of separation falls on them *very* heavily. This is one of the things they talk about a great deal. I heard many suggestions as to how this situation might be helped or what ought to be done about it. Lots of different ideas. I had many people ask me, "What can *you* do about this?" I had to say, to be honest, that it appeared to me that this problem is not going to be solved until the Navy has more ships. When you've got a one-and-one-half-ocean Navy and a three-ocean problem you've got only half of what you need to do the job.

One example of the problems the Navy faces is ships leaving the United States for IO deployments inadequately manned—and then being brought up to strength en route, or when they reach the IO, *by transfers from other ships.* This means that instead of having, as the ballistic missile subs have, two crews to keep one ship at sea all the time, we've got one crew working two ships. Well, that's partly an exaggeration, but one ship that I was on received nine chiefs and senior chiefs *after* deploying from the East Coast of the United States, in order to be properly manned for the IO.

This cannibalization of personnel is repeated, I understand, in the cannibalization of ships and aircraft to keep those on station in their best fighting trim. Is that correct?

RAU: No question about that. In fact, one problem is equipment being taken off a ship when it goes into a yard; that ship doesn't necessarily get it back when it deploys, so the replacement equipment is taken from some place else. That drawdown of our assets over many years has come to haunt us now that we are occupying a very expanded role and one, frankly, that the systems analysts apparently did not contemplate. Now we have the idiotic situation of having an 11,000- or 12,000-mile supply line with a non-nuclear carrier guarding the flow of oil. And the carrier itself is fueled with oil.

Could any of the problem be alleviated by using U.S.-flag

merchant ships to take on part of the load, perhaps by refueling our ships at sea, or by taking on some of the repair and maintenance and cargo-carrying duties?
RAU: There are U.S. merchant ships out there now doing some of the cargo work. We probably could use more But I think the place for U.S. merchantmen is probably a little further back in the logistics chain. If we had a larger merchant fleet that could be moving goods forward by ship we sure would not have to use as extensively the tremendously difficult and expensive air supply route that we have to fly now just to keep the Indian Ocean fleet going.

You mentioned a minute ago the tremendous air effort needed to bring in supplies. Could you go into more detail? That's a pretty expensive way to keep the fleet supplied.
RAU: It *is* extremely difficult and very, very expensive. What we have to understand about the Indian Ocean is that we are guarding that area, with its existing and potential instabilities and oil flow, at the end of an extraordinarily long logistics line, and are doing it with an inadequate number of ships and a very heavily-worked and limited number of people; with a maximum effort out at the extreme limit of our capability, in other words. To support that effort, critical items like crew replacements, spare parts, supply items, even limited fresh food, come in by a supply line which involves C-5, C-141, MAC [Military Airlift Command] cargo aircraft flying out of the States in some cases, and generally, in almost all cases, stopping at Clark Field in the Philippines.

From there it's more than another 4,000-mile flight to Diego Garcia. Then we supply the fleet itself by means of another 2,000-mile flight, landing on a little sandspit called Al Masirah. From there we have to move the goods to sea—1,000- to 2,000-pound loads at a time hooked up to helicopters—after being broken down from the large Air Force pallets into more manageable pallets and put into cargo nets. There's usually one to four pallets per helo lift. Then they're transferred to a supply ship, which steams down into the body of the fleet and transfers materials to other ships—again, principally by helicopter. That's just one long, hard, tough job.

That's the longest supply line we have ever had on a sustained basis, to my knowledge.
RAU: You've got to remember that this supply line from the U.S. mainland starts where the old WWII supply line to the fleet ended. We thought it was tough to supply Iwo Jima, Okinawa, the Philippines, Guam, Saipan. Now those are just starting points for another 6,000 miles of air, followed by some hundreds of miles of steaming, then some helicopter or highline transfers. This works your people and your equipment too hard. I myself hooked up loads to helicopters so I could understand exactly what is going on.

There you are. You're standing on a sandspit, the helicopter comes over you, it's hotter than blazes, it's in the sun, you get this airblast down on you in the dust, you're hooking up a load in 20-30 seconds, and away goes the helicopter. The ship is a few miles offshore. In a couple of minutes back comes another helicopter; two of them are rotating all the time. So a lot of cargo gets moved in a short period of time, but it takes a lot of people, a lot of equipment, and everybody working mighty hard to do it.

Let me ask a question related to grand strategy: The need for continued Indian Ocean deployment was one of the reasons behind the creation of the so-called Rapid Deployment Force. Did you see any evidence in your travels that that force is really needed there, or is even in existence at this time, or would it be better to consider the Marine Corps as a de facto rapid deployment force and let it have the job?
RAU: You've asked about seven questions in one. There is no doubt that this whole Middle East area—the Southwest Asian area—needs an American presence. I think it needs *a much stronger American presence* than we presently have. But what we have there now is all we can give it now. We did have two battle groups there at all times. That probably is *the bare minimum* of what we should be maintaining in ships. It means you really have to have three battle groups, instead of two, since one is probably en route to Singapore or Australia or the Mediterranean for some liberty.

As far as maintaining forces on the ground is concerned, we are not yet politically in a position to do that—but the Russians are. It appears to me that in the littoral states there are possibilities for improving relations—relations *are* getting better, in fact—and it does appear that over a long period of time we will have areas to use for land-based support. Other than that you have to look at the Sinai and the Negev as the most likely major areas for land-based air support to cover the Persian Gulf. And you have to look at what are generally called the Saudi Arabian oil fields, but which include Kuwait, Qatar, Oman—all those states.

As for the Rapid Deployment Force—well, when I was in Diego Garcia there were some prepositioning ships—seven of them are supposed to be in the harbor—all manned by merchant seamen. There are some roll-on/roll-off ships and some ammunition ships among them. In my judgment the usefulness of that force is very questionable. It still is a long way from the combat area. You must move from a benign harbor or a benign landing environment to some place less benign. You have to move your troops by air, which means you have to land some place. I don't know whether that is wise. There are serious questions in my mind about the RDF concept. But I don't have anything better to offer at this point in time.

Going back to the crews of the ships you visited, is there an understanding on their part of the necessity for a bigger or at least continued U.S. presence in that area?
RAU: Yes. In fact, one of the major concerns which I alluded to earlier—perhaps *the* most important concern, and the thing that causes most of the unhappiness that may exist among the people there—is the fact that the American people don't appreciate what it is the Navy is doing out there, why we have to be there, and what they—our service people—are giving up and going through to *be* there.

They also understand in some very practical ways why they are there. They see the tankers, they see the dots coming down their radar scopes in a steady flow out of the Persian Gulf. They see the Russian aircraft flying overhead. They detect the Russian submarines underwater. They see the Russian AGIs [intelligence trawlers] trailing their battle group all the time. So in my mind there is no question as to the crews' understanding about what they are doing.

That's good. That's a big help to morale, wouldn't you say?

RAU: Morale on the ships, I found, was extremely high. The men are reasonably charged up—and they are most hospitable. Everywhere I went aboard ship I found that these were not a bunch of closed-faced, unhappy people. With that said, though, I also must say that I did have a number of people say to me: "Sir, we're busting our butts out here, and we know why, but we sure wish the people in the States would understand and appreciate what it is we're doing."

How have the crews reacted to the Reagan administration's new and considerably tougher defense program?

RAU: Very favorably. But I have to tell you that we have a Navy that is loaded with pragmatists. They liked the pay raise last fall; in fact, it was sensational and had some terrific effects. But they're watching. They want to see if this administration and the present Congress—and, in fact, the American people—mean what they seem to have said. There was a great deal of talk about the [proposed -now postponed] 5.3% pay raise. Before I went to the IO I thought it was important to pass that pay raise. Now that I've been there I would scale up its importance by several orders of magnitude. It's an extremely vital measure, not just for pay, but for morale, too. But not having passed it, it is *imperative* that we do *something, right now*—make a permanent commitment so as to tell them what we are going to do, be it 1 October [the new pay raise date] or whatever. They're listening and they are watching, and if the administration and the Congress continue to send them positive signals I think things are going to be okay.

I know you've heard this before. *It is not a joke!* We are able to man ships in the Indian Ocean now, but only at the expense of some other ships that are in port or in yards. Our people situation has to get better, and it absolutely *must not* get worse.

Do you believe the failure to pass the 5.3% will have a direct impact on the stepped-up exodus of personnel from the armed forces, and particularly from the Navy, or do you think things may be held in abeyance until they [uniformed personnel] see if Congress is going to go along with what they [Congress] say is now going to be a 14.3% increase?

RAU: I think that if Congress moves rapidly to enact a 14.3% increase there will *not* be significant or at least measurable effects. Conversely, if they *don't* take any action, and wait until fall, or there's a lot of discussion that, "well, maybe we don't really need it, because recruiting is up, retention is up" (and they are up, you know), I think we'll see a very serious change for the worse. The trend lately has been up. I believe all that forward momentum will be lost and we will start a *down*ward momentum.

As bad as before?

RAU: Worse. It will be far more difficult to recover once again, because you have people asking: "Can we trust you? Or can't we trust you? Are you really with us? Or are you only with us when the house is on fire?"

We in the Navy League have a very important message to convey to the American people about what is going on out there, and about the need for the country to demonstrate that it appreciates—in the broadest sense of that word—what is going on. And I always say there is no sincerity like the signature on a paycheck! Pay is not needed just in the sense of trying to give these people a decent standard of living; it is also needed as an expression of confidence in and appreciation for what they are doing. No one expects to get rich being at sea in the Navy, but they do expect to be treated fairly.

I was warned a number of times, incidentally, that the June-September "window" is a very dangerous time, and was exhorted by career counselors and second-class petty officers and chiefs as well as by junior EM [enlisted men] and officers—but principally by senior petty officers—how important it is to get *something* done now, before the summer exodus really gets underway.

I read this week of a GAO [General Accounting Office] official testifying before members of Congress to the effect that servicemen don't really need another raise. I gather that you do not concur?

RAU: Since this is a very refined publication, I can't give you my most heartfelt answer! But either that man is out of his mind, or has absolutely no understanding of the situation, or has a tremendous bias against military people. I spoke at length, both informally and in groups, with literally hundreds of personnel, principally enlisted, but some junior officers. We sat down for sessions that at times ran two to three hours. We leveled with each other, and I presented myself as someone who had been a first class in the Navy in two wars and thoroughly understood what they were going through. I think there was exceptional rapport developed. I'll say this: They were extremely gratified to see someone take the time to come out, to be with them, to spend time with them in their compartments.

And the pay issue, let me tell you, if it is not at the forefront, is on the table at every discussion. I don't know what basis this GAO official had for making his judgment,

Worse than the wear and tear on the ships and aircraft which comprise the Indian Ocean task force, says John Rau, is the wear and tear on the people, who are being worked 16-18 hours per day, seven days a week.

but in my opinion, which is based on a lot of good, hard data, he's dead wrong. They need far more than 14.3% to be compensated at a level of comparability, or parity, whatever word you want, for their skills. You would have to pay them twice as much to compensate for the time they are spending on duty and away from home. You'd have to go up by 50% or 100% more to compensate for the working conditions. You absolutely could not get people to work and to do the things these people are doing unless you paid them three or four or five times as much. That's in civilian life. These people aren't asking for that kind of money. They like the Navy, they like being at sea, but they want to be treated with a modicum of fairness, and they want an expression of confidence. They know everybody else is getting raises, government civilian employees and civilian employees in industry, that Social Security goes up, pensions go up. But their families are being eaten by inflation, and they want at least to get enough money so that their families can eat and live decently, too. I heard stories about petty officers, even chiefs, unable to buy houses or cars, or to have their families live near the base, and having to live with in-laws or parents. One first class told me, with *despair*, that he was in his own hometown in Arkansas and didn't qualify for a $37,000 house. I come from a place in California where the median cost for a house is more than $120,000! So $37,000 isn't asking all that much. He only qualified for $34,000. Fortunately—and this is where we in the Navy League can help—an officer of the bank overheard the conversation, came over, looked at the situation, and told the clerk to qualify him for the house.

The point is, they see civilians working fewer hours, in easier working conditions, and living far better. He said, "I don't need to live that way! But I would like to buy my wife and kids a house." I think it's our job to see to it that he can.

You concentrated—correctly, I believe—on the personnel aspects of the new defense program. Did you hear any comments about the new ships, aircraft, and other equipment systems and subsystems also in the program?

RAU: I certainly did. We have short-, middle-range, and long-range problems. The immediate problem is personnel: pay, benefits, recognition, etc. The Navy is working on recognition; it's up to us in the civilian community to add to it.

The long-range problem—ships, aircraft, and new systems—is also being addressed, and that problem is both quantitative and qualitative. Most of the time we only discuss the need for quantity. Numbers. We need more ships. My own evaluation is that if we are to continue in the IO three more carrier battle groups won't be sufficient. We need even more than that.

What about the qualitative part?

RAU: I did not get any gripes about the inadequacy or quality level of the hardware. No one said we need quantum jumps in sophistication; in fact, we've got some very good equipment on board the ships right now. One exception is the absolute idiocy, in my opinion, of building any Navy capital ship that is not nuclear-powered. There was absolutely no money saved, no matter what Mr. McNamara [Robert McNamara, SecDef 1961-1968] and his systems analysts said, from having built the USS Kennedy with a conventional power plant. In fact, it's costing us a fortune. To give you one little example of the versatility the nuclear power plant has: The USS California started from the East Coast. Headed toward the Mediterranean. Went all the way. Then was told to turn around again, went back out of the Med, all the way around Africa, and finally joined the battle group. Try doing that with a black-oil ship! It's impossible. The only reason the powers-that-be could play around this way was because they had a nuclear ship. Now you've got the America guarding the Persian Gulf *to insure the flow of oil*, and it's getting its own black oil out of the Gulf. That's for reasons of economics. But that's also where the tankers are coming from. If things got exciting in that area we would have to start transporting, using probably five times as many tankers, that same oil from places much further away just to keep that carrier going.

With regard to not building capital ships with other than nuclear power, how do you equate that to what seems

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maybe a short-term need for more battle groups?
RAU: We discussed the most immediate and then the long-term need. Let's look at the mid-term need. Some solutions being proposed, in terms of [reactivating] assets such as the [Iowa-class] battleships and the [carrier] Oriskany are about the only way we have to turn. The other part of the mid-term problem—after personnel—is supplies, both consumables and the maintenance and repair supplies. We are way down in spares. We have big shortages. I alluded earlier to equipment being borrowed, sent from ship to ship; that's because we don't have enough spare parts. And we're very short of consumables. What happens if things get really hot? That's scary.

Going back to people again, I think we accept that pay is the paramount problem. I'm sure you encountered others. I've heard there's a problem with uniforms which affects morale. Can you amplify on that? Is it true?
RAU: There are three sets of problems: one set the Navy can do something about; one takes Congress to act; and some problems you can't do anything about, like the temperatures in the Indian Ocean. Uniforms are one thing that the Navy can and should do something about, and I got that message all over. It was, pardon the pun, as uniformly discussed as pay.

Maybe this is another pun, but what we need is uniform uniforms. "Uniform" means everybody dressed the same. But you look at this ship, then that ship; there aren't two people dressed the same way. That's an exaggeration, but not a big one. The uniform issue is not a big issue in terms of global significance, but it really annoys the sailors because something *could* be done about it. They *want* something done, and I think the Navy—and I'll make this recommendation to the CNO and SecNav—can do itself a lot of good in a helluva hurry by settling down, deciding what the uniform is or should be, and sticking with it. They [the crews] want consistency, and a firm date [for uniform regulations], and they want *availability* of uniforms.

I also got a lot of static about Navy exchanges. There's great dissatisfaction with them; the goods are either shoddy or too high-priced. Everybody goes to Penneys for khakis. Or to Sears or K-Mart. There is a lot of criticism of the civilian management; I was told many times that you can take the exchanges and commissaries and do with them whatever does the most good—that's the polite language. Everybody wants to bring back small stores [specialized Navy-run stores selling uniforms and other clothing items]. They want good-quality uniforms. There are complaints about cost in most Navy exchanges—and about the lack of decent uniforms and the inadequacy of the $7.20 [monthly] allowance [for purchase of uniform items]. There was also criticism that the uniform is not even consistent with geography. I heard a number of times —I understand the condition is now fixed—that for chief petty officers the uniform they absolutely must wear in Charleston [S.C.] is *the one thing* they absolutely may *not* wear in Norfolk. Whether true or apocryphal, the fact that everybody believes it is symptomatic to me of the fleet's perception of the problem.

Another thing in inconsistency—I'm still talking about uniforms—they [the crews] want one single uniform authority; they want it taken away from area commanders and flag officers, so the only thing the local guy can decide is when you go from summer uniform to winter, or vice versa. Now everyone decides, and no two people decide the same way.

Among the items that only Congress can do something about would be enactment of a new G.I. Bill or extension of the present one. Did you hear much discussion in that area?

RAU: I want to emphasize that the discussion sessions we had, with a few rare exceptions—like the guy who told me he had been mess cooking too long, and I explained to him I really couldn't solve *that* problem—were not *bitch* sessions; they were *discussions*, and there were a considerable number of constructive suggestions: Here's the problem—how do we solve it? The G.I. Bill was presented to me as one area where something constructive could be done, at relatively little cost, for retention and morale. One thing discussed was the obvious benefit to the *country*, and the fact that the G.I. Bill after World War II probably didn't cost anything because the benefits we got out of it far outweighed the costs. Anyway, not everybody uses the Bill. The present Bill, with the benefits terminating about 1989, provides a counterproductive motivation for people to get out [of the service] by 1985. A lot of guys talked about that: "I don't want to get out of the Navy, but if I want to use my G.I. Bill to get my four years of college I've got to." So the Bill should at least be extended, and on an open-ended basis. Or it should be extended on the basis that you are eligible for the Bill for so many years after retirement or after leaving the service. That way there's no disincentive to re-enlist and go for 20 or 30 [years of active duty].

Another suggestion, and this is something we should consider, is transferability of G.I. Bill benefits. Our Navy man or woman is usually a family person—many of the people who stay for 20 years or longer take correspondence courses, go to night school, and many enlisted people now get college degrees. A guy says, "Look, if I stay in for 20 or 25, maybe I won't want to go to college, but I'd like to be able to transfer those benefits to my kids. Or even to my wife."

There were other creative suggestions made about incentives for people to stay in. Reduced-rate mortgages could be made available to let sailors buy houses and be members of their communities—again, let the benefits rise with seniority. One thing we have to remember—it became glaringly obvious to me, but you don't have to go to the IO to find it out—is that not only has there been, in some cases, an erosion of military benefits in absolute terms—i.e., the G.I. Bill, the pensions, the medical care that is there in theory but unavailable in practice—but there has also been a concomitant gross increase in the same kinds of benefits now available in civilian employment.

Forty years ago service pay was low, but the benefits were terrific. In civilian life you didn't have pensions with transportability [eligibility carried from one "job" or duty station to another], dental care, health care, legal care, all the other things you now get in a civilian job. Therefore, the military man or woman had to weigh carefully the nonpay benefits; they were tax exempt. Today, you measure total military compensation against total civilian compensation. In my view things are a lot better now in the Navy—$50 a month in my day has gone up to over $500 a month, starting with pay grade E-1, etc. But on a relative scale, and compared with civilian life, the Navy probably has retrogressed in compensation. That's particularly important to consider when you realize that the Navy is not only a technological service—the people have marketable skills—but it is a service which even in peacetime has extremely tough working conditions.

Let's face it, being on an air base in peacetime, maybe only a hundred miles from home—or maybe living right next to the base—is a lot more pleasant than being on a ship in the IO. If you're flying combat missions and there's antiaircraft fire and SAM [surface-to-air] missiles coming up, then being in the Air Force is a very tough thing. Same thing with the Marines and the Army. Also the Coast Guard. But I think we need to recognize that the typical working conditions are different in each service and we have to start considering those differences in terms of compensation.

There has been a great deal of stress on the need to keep people in. You point out that we're short on petty officers. Did you encounter any tendency to keep people in just for the sake of keeping them in?

RAU: Yes, I did. There was much discussion about that. There is at least a very strong perception on the part of senior petty officers that the Navy puts too much emphasis on retention numbers. They [senior petty officers] seem to believe that their COs are getting judged on those numbers, and they believe this works against the best interest of the ship at times. They see people retained who in their judgment should not be allowed to re-enlist. They feel there's a quality problem, and think part of it is because ships, COs, and units are graded by retention percentages, and there is an overall de facto program making retention too important a thing in evaluating performance.

There are some other ways people are concerned about their ships. We've talked about the transfer of equipment. That's only part of it. There's *real anger* about the treatment that ships get in yards. I don't want to condemn all shipyards, civilian and Navy. Maybe it's only a small sample, but on some ships that came from the East Coast the condemnation of what happened to those ships in the yards was uniform, it was vituperative, and it was heartfelt. The sailors think the Navy and the country are getting ripped off, they're not getting value received, the ships are not getting properly fixed, there are pressures put on to get a ship signed off [as satisfactorily overhauled], or perhaps even fraudulently signed off when the ship *isn't* fixed and a year later the ship's company is still fixing things at sea that should have been done in the yard. I know there's pressure to reduce the size of the crews on ships going into the yard, but the crew maybe should be there to make sure, as quality control people, that the job is going to get done.

And done right! There are berthing problems in the yard, a lot of other problems, problems of economics, which make a case for getting the crews off the ships, but this is a problem area that really needs to be concentrated on. One chief told me that if his ship was going back to a certain yard he was not going to re-enlist—his disgust with this particular yard—I won't name it because so far it's just hearsay—is hard for me to convey. He felt very strongly; *he was going to cut short his career in the Navy, end it, if his ship had to go back to that yard!*

Do those complaints apply to both Navy and private shipyards?

RAU: Yes, they do. I think the complaint is basically about the workers in the yard. There's a lot of feeling that shipyard unions have gone too far in their demands and that there are conditions of incompetence, of indolence, and of irresponsibility almost to the point of anarchy.

This is very strong language. I know that. But it's very hard to convey to you just how strongly these people feel. Remember, this is one man's report of what the people on board some ships feel about the yards. If I'm to be fair about it I ought to visit a lot of yards and see for myself; I intend to do that. But right now what those people out in the fleet feel is very strong.

One unpleasant thing about my own time in the Navy was the absence of information about what was happening in the world; I suspect that may have been the same situation when you were in uniform. Now you were featured twice, I gather, on closed-circuit television aboard two ships. When you talked with people aboard ship did you get the feeling that they are fairly well-informed about what is going on in the world, and that the commanding officers are making a strong effort to insure that they are kept informed? Does this play an important part in maintaining morale?

RAU: I think there's no question that there are strenuous efforts being made to keep everybody informed. I'd say that, considering the average age of the crew, they're probably better informed than the average citizen at home, because they're paying closer attention to what's going on and they're more aware of issues that directly concern them. Also, they're in an area which is very big in world politics. Obviously there's *more* information available back here, but there's adequate information available there, aboard ship. Ships' newspapers and closed-circuit TV are used to distribute world and national news; and I observed a genuine and successful effort to keep people informed about what was happening on the ships themselves. There's a bigger information flow now than in my time, just as there's a lot more professionalism.

I understand you saw or at least were briefed on capabilities of Soviet ships in the area. In what ways would you say that Soviet ships may perhaps be superior to ours, and in what ways are U.S. ships and aircraft superior?

RAU: All of our ships in the IO were technologically superior to those that I was advised the Soviets had there. They didn't have, at least at this particular time, their front-line ships, certainly none of the submarines which we are so concerned about, the Typhoon- and Alfa-class types [new and very sophisticated classes of Soviet submarines which

are not yet deployed]. The advantages the Soviets have, as far as I can see, are two: one I mentioned earlier, the fact that to interdict is easier than to protect; the other is that they have a number of operational bases in the area where they can go. The Soviets do not deploy at sea in the IO nearly as much as we do. They don't have to. They have most of their ships in port, and sally in and out from time to time. They do not keep all their ships steaming all the time. But they do have an AGI that follows our ships regularly. And submarines, as well. But our ships are better, and it seemed to me we always knew where their ships were. I think our ships could hold their own if they had to.

Also, our people are very good. I guess the Russians are getting better, but I don't think they're as good as ours.

Did all of these operating problems cause any friction? Were there any racial incidents, or other examples of people being affected by the constant stress?

RAU: Hardly any. People cooperated with one another, and worked well together. I sat in on an evaluation of the watch standing qualification of a boilertender striker. I was at a captain's mast, and sat in on a board considering a chief for surface warfare qualification. These were all racially-mixed situations. There was no sign of discrimination. You could sense that the Navy has integrated totally.

The chief appearing before the surface warfare qualification board, with one first class who also had to qualify, was questioned by the XO [executive officer] and about six or seven other chiefs. They gave it to him! I had no sense they were laying off because he happened to be black. It was a tough oral exam, reminiscent of the orals given someone getting his doctorate—but not that esoteric. Everyone had questions they wanted to ask, and they all bore in hard. Both examinations were learning sessions, too. They had to know the ship! They [the examiners] were very tough on the chief. There was no question that if he didn't make it, he didn't make it. Period. But it was clear he was getting 95%.

You mentioned the Navy's attitude toward people. How does that extend into the area of discipline, punishment, how discipline is maintained, that sort of thing?

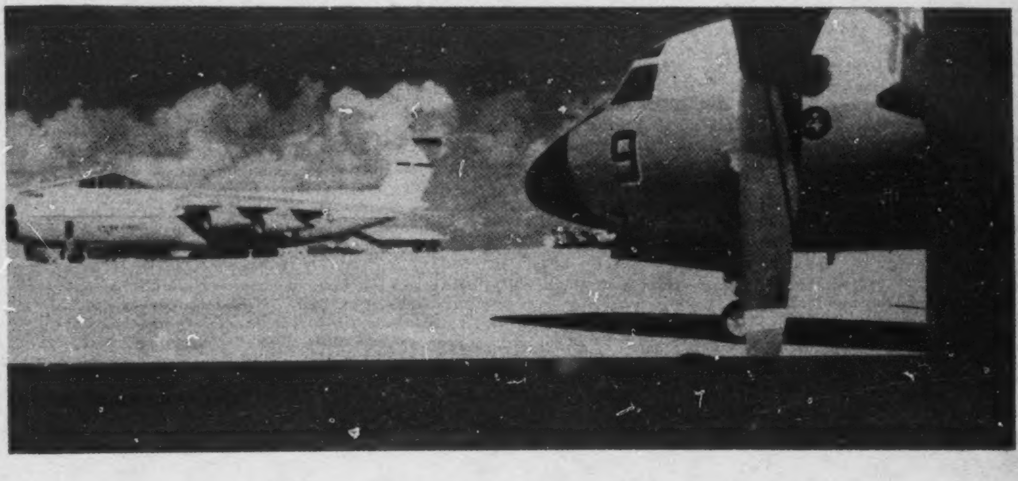
RAU: This is a very tangled area, now more tangled by the incident on the [aircraft carrier] Ranger. [The incident, well publicized, involved the death of a man in correctional custody.] I would say today's Navy is a friendlier place than it was. There is a much more productive air of mutual respect between officers and enlisted than during World War II. There were times in the past when some officers acted as if enlisted personnel were still coming out of press gangs. Today there's a lot of respect on the part of commissioned officers for the technical and professional skills of rated and non-rated people.

The disciplinary problem is multi-faceted. There's that small percentage of eight-balls who are 90% of the disciplinary problem. In terms of pride and professionalism, we're talking today about "giving the Navy back to the first class and the chiefs." They're ready to take it back, providing the officers are willing to give it to them! They're not concerned about the admirals and the captains and the execs; they're concerned about the middle-grade officers. But they agree on letting the senior noncoms run the Navy, as they used to. On the other hand, they're also conscious of the difficulties involved, of the constraints on nonjudicial punishment, and limitations on what a chief can do.

So they're very concerned about the rules, just as in civilian society. Again, the Navy reflects U.S. society. One of the chiefs told me: "I cannot even grab a man by the arm. That's assault."

I talked with several masters at arms. That's now a professional rate, and it's a good thing. Today you don't have a guy volunteering to be master at arms because he likes to beat up on people, and you don't have one forced into that duty angry about it. You have a professional, a guy who knows the job, has some knowledge of psychology, understands the rules, and also the limitations. He knows whether he can lock a man in the brig or not and what the heat/stress measurements are in the brig. Every brig I saw, by the way, was air-conditioned and had greater separation between bunks than anything I ever slept on in the Navy. I never had accommodations aboard ship as

Vertical replenishment transfer is the final stage in a complex 12,000-mile logistics effort that involves long-range MAC aircraft, Navy supply ships, and Navy cargo helicopters.



good as these brigs are today.

Anyway, I must have spent time with four or five masters at arms. They were all very conscious of what they should and shouldn't do, not only because of the rules but because of what is right.

I went to captain's mast and had reaffirmed for me that the captain has limitations on how much in extra duty, restrictions, and fines he can award.

Most guys up for mast had gotten into trouble because they had drunk too much. But they had good records, and their leading petty officers, their chiefs and division officers, and their department heads were there to talk about their performance in laudatory terms. The captain almost always either gave a warning or a punishment that was, in my view, sufficient, but not really harsh. Some, though, were those consistent deadbeats. One guy was obviously a misfit; I've never seen shoes as unshined as his! I don't how you can get them that bad! Here was a kid who didn't even *try* to shine his shoes, even for captain's mast. He received terrible ratings from his department head, division officer, chief, etc. He got a heavy penalty and was turned over to the master at arms; he'll either be rehabilitated or out of the Navy.

How does the Ranger case fit in?

RAU: I believe there may be some serious consequences from the Ranger incident, which does not fit the picture I have given you, I know. When I talked with the first class and chiefs I asked about pride and professionalism, about discipline: "How do you feel about it? Is the Navy going to get 'chicken' again?" They agreed that is a danger, but that what happens or doesn't happen is going to depend on the commanding officer and the XO and department heads.

You didn't see or hear any evidence, then, of any sustained type of low-grade violence, I guess you would call it, that supposedly led to the tragic incident aboard the Ranger?

RAU: No. I would have to say that whether you mean an imposition of violence by a superior or violence among the crew, there seems to be very little of that. When I was in, men used to fight with each other a lot. I didn't sense that now, but it probably wouldn't have occurred in my presence. There seemed to be a better warmth and spirit. There were not the animosities and antagonisms that I observed in other times. Once again, as bad as these deployments are, mine in World War II were longer and the conditions of combat more stressful; there were a lot worse things happening, so maybe people were stressed and at a pitch when they were on missions out to kill other people, the enemy. Maybe things were a little less civilized at that time. What I saw in the Indian Ocean convinces me that we're sending out our good skippers and XOs and our good ships and crews. I may well have seen only the best. Or maybe our whole Navy is that way, in which case it's tremendous! The skippers and execs were first class.

Did you see any ships belonging to U.S. allies in the IO?

RAU: Some. On the radar scopes, where every ship is plotted and identified. There are people out there besides ourselves protecting what is perceived to be the interests of their nations—or of the Western industrialized world.

With the Soviets so close to the task force—do their tactics endanger our ships, do they flaunt their presence, or is it more of a nuisance presence? What did you ascertain?

RAU: I'd say the Russian presence is in the middle of the spectrum you described. Certainly far more than a nuisance, though it is a great nuisance, too. I did not observe nor did I hear of any instances where the Russian presence on the surface, under the water, or in the air, threatened the safety of our ships other than by the mere fact that they were there. Should any kind of a shooting war start they would be capable of inflicting damage. But the AGI that cruises along with the task force normally stays far enough away so it would appear there's no danger of collision. Our fleet leaders—the commanding officers, XOs, the task group commander—certainly conveyed to me that this is a full-fledged, combat-level situation they are dealing with. No Russian aircraft flies anywhere near our ships without a U.S. escort.

How does all this affect our own sailors?

RAU: I think what they're doing—the fact that it's not an exercise or a drill, but actual face-to-face exercises with the potential enemy—passes itself to the crew and what I observed is that members of the crew, rated and non-rated, on the bridge or in CIC, act on the basis that every day they're dealing with "the real thing."

The Russians do flaunt or in other ways challenge our forces sometimes and exercise our people. One Russian submarine surfaced in a "Hey, I'm here" way, then dived and we had to chase it. The fact that he surfaced was not construed by the skipper of that cruiser or by anybody else as meaning that the sub was not dangerous or a lethal adversary. He was pursued just as he would have been in a full combat condition up to the point you could have attempted to get rid of him by using some form of ordnance. So it's a pretty real thing out there; that adds to the tension, and certainly adds to the work. There are two F-14s [Tomcat fighters] on the carrier deck at all times which can be launched almost immediately. I saw pilots and NFOs [naval flight officers] sitting in those aircraft in full flight gear with the canopy up in the horrendous heat; they were hanging their arms outside the cockpit just so the sweat running down wouldn't drip into the equipment. The salt perspiration would short out the electronic gear.

In a way, it's tougher than a real war because of the restraint, the frustration. Those guys can't just go up there and knock something out of the sky. It's like being in a football game where you're scrimmaging with the enemy, not with your own team, but you're not allowed to score. That's kind of frustrating. I don't mean to convey in any sense that our guys would like to be shooting, or should be shooting. They understand the situation. But they did convey to me a real sense of frustration at having to do the same thing over and over again. They know it is a real—confrontation, I guess, is the word. But it's not a real conflict, and no one wants it to be.

Supposedly we've greatly improved our ASW capability over the last several years. Did you see any evidence of this?

RAU: I saw evidence of both that and of what makes ASW a still very difficult problem. The equipment is certainly improved and very sophisticated. Some of the computerized equipment improves our ASW capabilities greatly through what it does in signal processing and data processing; once you've got the data in and plotting you know a lot better how to formulate your attack. But you've still got thermal layer problems [changes in water temperature at varying depths which complicate sonar tracking of submarines]. We still haven't solved that sort of thing. I mentioned a Russian sub. We had contact with him, lost him, and found him again. He would go below the thermal layer. The ocean is not yet transparent to our ASW equipment at all times and in all places. Our ability to discriminate better among signals has been one of the great improvements, and sound signatures [the specific sounds emanating from a specific surface ship or submarine; like fingerprints, no two are alike] are much more distinctive.

What did you encounter with regard to the presence and use of drugs aboard ship, given the fact that occasional port calls put the ships in places where drugs can be easily acquired?

RAU: I couldn't say I encountered usage. It appears to me that every effort is being made to ensure that no one is on duty under the influence. Nor did I see people in their racks bombed out of their minds with drugs.

But there is no question that there *are* drugs in the Navy, and drugs on board ship. I would remind all of us that the drug problem in the Navy merely reflects the drug problem in society. There are lots of young people in our society who are using drugs. They come into the Navy with that pattern of behavior.

Unfortunately, and this is something that was made clear to me in many discussions, the Navy's recruiting effort is greatly hampered by laws that we have passed. Case in point: Juvenile court records are sealed. Not only is the Navy not able to see the record, but a recruit may legally sign a statement that he has never been arrested even though he may have a drug, or drinking, record as long as your arm. Juvenile law permits the record to be sealed and the offender is allowed to act as if he had a perfectly clean record.

It also was made clear to me that we still have instances of the old habit of courts—or, perhaps more frequently, DAs [district attorneys], before a case goes to court—giving a kid the option of joining a military service instead of being prosecuted. That should not be happening, and we in the civilian community ought to be doing something about it. I hope to see what Navy Leaguers around the country can do to inform people in the judicial system about the harmful effects of that kind of practice.

But turning to a couple of specific instances: I was on board the America going into various compartments one night. We entered one of the communications transmitter rooms about 2300, probably less than 30 seconds after a drug strike force had started a hit—somebody had observed a sailor reaching into the overhead in a suspicious kind of way. Of course, his statement was that he'd seen something there and was trying to find out what it was.

I was able to see first hand, immediately, the outrage of that strike force. Drugs really make these guys mad. They are frustrated; they want to do something about it. The drug taker is not only doing something illegal, but is jeopardizing the safety of the ship and his shipmates by his potential lack of competence on duty—and of course the *seller* is even worse. I'm sure that in the heat of that moment that, had flogging or keelhauling still been legal in our Navy and the culprit been there, those people would have been sorely tempted to mete out some very strong punishment. But they held their tempers, showed restraint. Five minutes later they were all cooled down. But that's the sort of thing they are living with.

Drugs are obviously much more difficult to stamp out on board a ship the size of a carrier. Four or five thousand people, gigantic numbers of cubic feet, literally millions of nooks and crannies in which stuff can be hidden, and a guy can essentially disappear from supervision very easily for long periods of time. It's a real problem.

You're not going to eradicate drugs fully from the Navy until you eradicate them from our society. I *would* say that on board ship the drug problem is probably handled better than it is in an equivalent civilian community with kids of the same age and sociological background. But it's a real problem, no doubt about it.

Are there enough doctors and other medical personnel in general throughout the fleet?

RAU: I did not hear any complaints about inadequacy of medical care on board ship. In some cases there were more doctors—older and higher-ranking doctors—than I would have thought probable. That's not the case, of course, at Navy shore installations.

The Navy is using whatever doctors it can keep in to take care of the fleet. There's lots of concern about shore-based medical care and the lack of adequate medical care for dependents. Also a great deal of dissatisfaction with CHAMPUS [medical care plan for military dependents]. But in the fleet there's damn good medical care.

You have made many statements about the working hours in the IO task force. Why is it necessary in peacetime to maintain a 14-, 16-, or 18-hour workday seven days a week?

RAU: The answer is that we're not really at peace. We're essentially operating at a wartime tempo, but with no firing of ordnance. People working other duties could be diverted to that in wartime. But those ships are operating at high intensity—in flight operations, ASW, or supply-handling. Just about what you would have in wartime, except for ordnance.

Also, the shortage of skilled personnel is being made up in large measure by working the people you have longer hours on maintenance, repair, etc. Thirdly, there are many things that always have to be done just to keep a ship running. Whether you are moving at flank speed and furnishing power to gun mounts or not, the boiler room operates pretty much the same way, with the same number of people on watch and everything else. Steam still has to be furnished to catapults, power to electronic spaces, and so on. The fact that throttles are set at one-third ahead rather than at flank doesn't make a great deal of difference in terms of the work that has to be done.

A big source of anguish in the Navy has been the shortage of spare parts over the last several years simply because there have not been sufficient funds made available by either the Defense Department or the Congress to maintain adequate spares. Did you encounter that particular problem in the task force?

RAU: To a certain extent. It definitely was of great concern to the maintenance and repair people, and has been exacerbated not only by low procurement and the high intensity of operations—which tends to wear things out—but also by two other factors: First, the modular replacement of these very complicated pieces of equipment—whether they be electronic, or mechanical, such as automatic weapons—means it's not as simple as drilling out a hole and retapping it, or welding a broken part, or replacing a resistor. Rather, you must have the replacement assembly, circuit board, subassembly, or whatever. A further problem has been graciously given to us by the systems analysts who decided a long time ago that it's better to maintain a large inventory of spare parts in one place, and not equip the individual ships or stations with spares.

When you were aboard those ships you found yourself in probably the greatest area of ferment anywhere in the world today. You have problems between Pakistan and India, the problem of Afghanistan and the potential spread of Soviet influence in that area, problems in Kenya, the Iran-Iraqi War still continuing at a slow rate, the Israeli raid on Iraq's nuclear reactor exacerbating existing problems, trouble in Ethiopia with regard to the Soviet presence. How do you look on our involvement in these things, while we're also guarding the Persian Gulf to insure the oil flow continues and making sure just by our presence in the area that our people don't get captured again as in Iran?

RAU: The first thing that needs to be done is make sure everyone understands the facts that you recited—and your list was not exhaustive. There are India and Bangladesh to add to that, Tanzania and Uganda, and several other areas of friction. I think the American public tends to look at the problem in that area simply as being generated by the Arab-Israeli situation, which then translates itself into oil problems and a Russian threat to the oil flow.

But when one looks at the geography of the area, and identifies all the areas of stress and/or conflict that we talked about, one sees that the whole Indian Ocean basin, as it were, is encircled by countries hostile to one another. That means dangerous conditions. It has been the experience of history that the sea power presence of a major power tends to have a calming influence in such circumstances, so I would say our presence there is a stabilizing one. It is an over-simplification to say we're there only to guard the oil. Certainly with all those conflicts existing or fermenting there are opportunities for the Soviets to destabilize the area or to start a revolution or take over countries. Our presence certainly inhibits their intervention.

Let me follow up with one quick question: Do you think, based on what you possibly may have heard and seen, that the long-term American presence in that area may cause undue reliance by these potential warring states on that presence, and an expectation that we're there to help them out of trouble, even though we might not have the assets to do the job?

RAU: Maybe—but it doesn't matter, in one way. We are going to have to maintain a long-term presence there. The people of the United States simply must come to the permanent realization that it is a three-ocean world. We have maintained our presence in what we thought were the two great oceans. Now we shall have to maintain a presence in three. Additionally, the littoral states of the Indian Ocean and the states adjacent to them are mainly small, newly independent, disturbed, underdeveloped states in turmoil, so it may be that we will have to be doing *more* there than in some other areas where the local states are more mature. I'm not sure that we aren't needed more in the Indian Ocean than we are in the Mediterranean.

Okay, John Rau, let's put you on the spot. You're now the Secretary of the Navy—or the Chief of Naval Operations. Or both of them rolled into one. You have to brief the President on the Navy's needs and you have to persuade Congress to give you the money to take care of those needs. What would you say to the President, and to Congress? Let's take it by category, maybe starting with people, going to ships, then aircraft.

RAU: I would start with a preamble which would try to ensure that they understand the problems the Navy faces. I've already described them to you, but just to summarize: There are problems of environment, problems of distance, problems of coverage of too many thousands of miles of sea with too few assets, the necessity of our presence in the Indian Ocean. Also, the need to stay strong in other areas of the world, and to be able to do things elsewhere which we can't do as long as we're tied up in the Indian Ocean. I'd add something about the tremendous diplomatic, military, tactical, and vital economic advantages of mobile, flexible sea power.

Then, having set the stage, I certainly would also try to emphasize—to make real, *in three dimensions and living color*—the significant differences that distinguish the Navy, and particularly Navy personnel on board ship in places like the Indian Ocean, or really anywhere in peacetime operations, from the other services.

With that background I would then get to the personnel issue: "Mr. President, Ladies and Gentlemen of Congress: Under the circumstances described we're asking for an awful lot from some rather fine young Americans (and some older ones, too).

"Those people need to have the hardships and the unique characteristics of what they are doing, and what their families are going through, recognized. And I mean *recognized*, and *appreciated*, in the broadest sense of both of those words. They need public recognition in all facets of their employment, and a pat on the back, and they need more compensation. I think they need a system that provides certain kinds of benefits and compensation unique to their problems, especially recognizing the hardships of family separation. We have to look at such things as the G.I. Bill problem, low-interest mortgages, tax exemptions, more compensation for family separation, sea pay and forward deployment pay, perhaps travel and transfer allowances for families. The variable housing allowance is a good thing, but needs to be kept up to snuff."

I would also talk to them about recognition in the non-pay sense. Psychic income—the appreciation of the difficulties of the job, what it means to families and individuals—that we must have from our public. It has to start with them—the President and Congress—as the leaders of the country. And they also have to start—or continue, depending on what they have been doing—speaking and acting

Aerial view of Diego Garcia.

about the American military man and woman, particularly those who are forward-deployed under conditions of great hardship, as the outstanding citizens and true professionals they are. They're absolutely first-class people, so let's get away from some of the derogatory comments that became almost a watchword in the media and on college campuses and elsewhere during the Vietnam War and continue right on up to the present in many respects.

How about ships, hardware, etc.?

RAU: Turning to hardware needs and ships and aircraft, I would take a two-pronged approach—major capital assets, and depreciable or consumable assets. I think I would say: "Ladies and gentlemen, you must become statesmen and stateswomen. We face a global problem that will take decades to solve. I know it's very hard for a congressman who thinks in two-year cycles—or an administration that thinks in four-year cycles, or an Office of Management and Budget that thinks in one-year cycles—to start thinking in terms of decades, but it has to be done.

"You don't have the luxury today," I would continue, "that we once had of working only one part of the problem. When we had overwhelming military force, overwhelming numbers of ships and planes, tanks and guns, and merchant marine ships to transport everything, we could work on whatever problem concerned us most immediately. Now we have to work on the long-range problem and short-range problem and the middle-range problem all at once.

"We have a tremendous piled-up deficit," I would say to them, "from the mid-1960s, the early days of Vietnam—a war which was fought by several Presidents on the basis of not getting full appropriations but drawing down consumables and failing to replace capital assets to finance the war. And we still have that backlog. Whether that backlog is $150 billion, $250 billion, or more, or whether you are counting 1965 dollars or 1975 or 1985 dollars, is moot. The point is that there is a tremendous capital-investment deficiency that has to be made up."

So I would also say to them: "You *must* start rebuilding the fleet. You are using middle-aged assets out there, and old assets, a lot of them." We're talking about material, not human, assets. The humans are mostly very young. "You must get on the line with sufficient quantity, and *long-range* procurement of ships and planes. You also must quit looking at the one-year budget cost and start looking at how to drive the *unit* cost down. We've just gone through a cycle of reducing the annual appropriation by raising the unit cost through stretchouts. That's ridiculous! What we ought to be doing is procuring larger quantities at faster rates to drive unit costs way down. That's going to cause the annual cost of procurement to go up, I know that, but it sure is going to produce more 'bang for the buck.'

"At the same time, Mr. President and Ladies and Gentlemen of the Congress, you do not have the luxury of *not* replenishing stores, ammunition, supplies, spare parts, and repair items and of *not* performing repairs, because you are staving off worldwide military and economic disaster with fairly well-worn assets. Because for 15 years you haven't been buying what you should have been buying. So you must do two things at one time—you have to keep the old jalopy running while you get the new car built. That's going to require a very great deal in terms of supplies."

Finally, I would say to them: "You also had better take a very hard look at what your stores and consumables are like, such things as ammunition. We have adequate supplies as long as we're not shooting. Look at the history of the recent wars in the Middle East, and you'll see just exactly how much ammunition was expended by all sides and how rapidly. With Gatling guns and automatic turrets and things like that, you fire off a lot of ordnance in a very short time." End of testimony.

That's a mouthful and a half. But I wouldn't disagree with any of it. Let's hope somebody listens. Now, let's shift to maybe our more immediate audience. What can and should the Navy League do, in your view, that might be helpful?

RAU: In my judgment the Navy League can, should, and—to the extent that I am able as national president to lead it—*will* work on that problem that was in my opinion most fundamental and all-pervasive: the overall question of recognition and appreciation for what is being done by the men and women of our Navy, and of the sacrifices which they and their families are making. We pride ourselves on being the interface organization between the sea services and the civilian community, and we have a job before us *right now* in informing and educating that civilian community on what it is like in the Indian Ocean, on Diego Garcia, in forward deployments all over the world, what it is like on board ship anywhere, what it is like to be married to a Navyman who is deploying for nine months at a time, or five years out of seven, or who is perhaps being called upon to crew two ships in succession because of his critical skills, so he is missing his in-port time.

The need to recognize these problems and to change the way we treat the Navy, the way we compensate our sailors, must be brought home to the Congress, to the media, and to the entire leadership of the country. They must be made to understand that the Navy is something special and is working under very special conditions. I have found that there *is* receptivity on the part of *some* members of Congress, and believe it may be possible with their help to devise a separate compensation system—in the broadest sense—for the Navy people faced with these very difficult working conditions. We need to be thinking all the time how we can make our sea-service people—and all of our fine people in uniform—understand that we appreciate what they are doing. As an example, I would like to ask all our Navy Leaguers to work with their local or hometown newspaper to see that reports get printed that some local sailor on some ship has done something good. The Navy makes sure that information gets back to the local paper, so what we ought to be sure of is that the clipping gets torn out, a note gets stapled to it, and it gets sent back to the young man with a "Well done!" Or "Thanks a lot!" It would do worlds of good for those people out in the fleet, particularly those in the Indian Ocean.

In that connection, as you learned in the Philippines and Japan, the Navy has an ever more active ombudsman program involving, primarily, the wives of servicemen who are the points of liaison between Navy commands, Navy families, and the civilian community. I'm sure you came away with the belief that the Navy League could interface much more with those organizations than at present. Would you address that subject?

RAU: I intend to address it at greater length in SEA POWER in succeeding months as we work closely with the Navy ombudsman program, and develop some plans with them. I first had the matter brought to my attention on board ship in the Indian Ocean. I learned a great deal more passing through the Philippines and Japan, and also in visiting with people in Washington. This is one of the greatest opportunities for synergistic collaboration between a Navy activity and the Navy League that I know of, and I believe it should rank at the same level as our close cooperation with the Navy Chief of Information and the public-affairs network and with the Chief of Legislative Affairs and our legislative network.

Is that your immediate goal?

RAU: Over the next few months I believe we should be able to develop sufficient communications to establish Navy League liaison with the ombudsman groups in every location where there is an ombudsman council, and perhaps team up one or more Navy League councils with each ombudsman council. Where there are isolated ombudsmen we shall want them to know they can turn to local Navy Leaguers for advice, counsel, and assistance.

I should emphasize that the Navy League is not intended to be a welfare or relief organization in this relationship. The big needs are for assistance, entree, advice—"clout," if you will. The big needs are not for funds; the Navy Relief Society is very well equipped to respond to those requests. It should be clear that that's not what we are going to be looking to our councils for.

Do you have any final thoughts on the desirability of continuing this unique program that you have inaugurated, of people in your position spending extended periods of time with the maritime units to get an understanding of the needs of our people and in turn communicate those needs to the general public?

RAU: I am at a loss for sufficient superlatives in terms of my opinion of the value of this kind of a trip. It was strenuous. It takes a lot out of the individual doing it. You have to absent yourself from your regular activities for an extended period of time. *But there is absolutely no substitute for seeing things with your own eyes and talking with the people who are doing the job.* The inner convictions you come away with, and the credibility with which you can then speak, are invaluable, and are unobtainable in any other way.

For myself, I can only say that it is my absolute intention to continue, within the limit of my time and energies, doing this sort of thing and to get out "where the action is" with our forces and keep learning in this way. I wouldn't necessarily recommend an annual repetition of any particular trip, but I think that every Navy League president—and I would hope ultimately that other members of our NLUS leadership—must get out and take advantage of the willingness of the Navy and the other sea services to make it possible to see, to feel, taste, *experience* in the fullest sense what is actually going on.

It was for me a fabulous experience, and I am grateful beyond words to the officers and men of the U.S. Pacific Fleet, the Seventh Fleet, and the Indian Ocean task force—as well as to those in Washington who also helped so much—not only for making the trip possible, but especially for helping me learn so much in such a short period of time. They were all great! ■

[Requests to reprint or excerpt the preceding interview should be addressed to Navy League headquarters, 818 18th St., N.W., Washington, D.C. 20006 (or phone 202-298-9282).]

National
Farmers Union

PREPARED

STATEMENT OF

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NATIONAL FARMERS UNION

PRESENTED TO
U.S. SENATE COMMITTEE ON VETERANS AFFAIRS
July 22, 1981

SUBCOMMITTEE ON MILITARY PERSONNEL AND COMPENSATION
U.S. HOUSE COMMITTEE ON ARMED SERVICES
July 21-23, 1981

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From its formative stages 80 years ago to the present day, National Farmers Union has taken a particular interest in education, one of the basic elements in the Farmers Union "triangle" of education, cooperation and legislation.

Even more than in earlier times, in farming today there is an increasing premium on management ability and skill. Today's farmer must adapt to new technology, changing markets and the increasing use of procured inputs and borrowed capital.

Over the years, some progress has been made in closing the educational gap between farm and nonfarm residents, but only in the age groups from 20 to 45 has near-parity educational attainment been achieved by farmers.

A crucial concern of the National Farmers Union is the educational preparedness of entry farmers, an area in which the G.I. Bill Farmer Cooperative Training program, and its predecessor, the Institutional On Farm Training program have been of very significant help.

Under the three G.I. Bills, from 1946 to 1981, a total of some 945,000 veterans have used their educational eligibility for the farm training program.

At the peak of the World War II G.I. bill, in 1951, 383,000 veterans were taking the farm training classes. At the peak of the Korean G.I. bill, 88,000 veterans were taking farm training in 1956. At the peak of the Post-Korean era, something over 31,000 veterans were taking farm training in 1976 and 1977.

Participation in the three G.I. bills, on a national basis, is shown in ATTACHMENT "A", showing the cumulative total for the farm training activity.

A year-by-year participation total for the first two G.I. bills is shown in ATTACHMENT "B", again showing the activity in the institutional on-farm training program.

The record of participation for the third G.I. bill, from 1968 to the present is shown in ATTACHMENT "C".

A state-by-state breakdown of participation in farm cooperative training under the Post-Korean G.I. bill is shown in ATTACHMENT "D" for the years 1971 through 1980.

The participation has declined in part because veterans have exhausted their educational eligibility and in part because the new contributory program under Public Law 94-502 (VEAP) has been a rather dismal failure.

One of the most significant points about the G.I. farm training program is its record in preparing entry farmers and subsequently retaining them in active farming.

Two extensive surveys of past participants in G.I. farm training have been conducted in the State of Minnesota.

In the first instance, a follow-up study of 3,179 veterans who had completed G.I. farm bill training in the years from 1954 through 1956, indicated that six to eight years after the training, 83.7% of the persons were actively farming and another 3% were in related agri-business fields. (See ATTACHMENT "E".)

Preliminary results of the more recent study, covering 1968 through 1980, will, according to officials of the Minnesota State Department of Education, show a retention rate of 88% to 92% in farming with another 4% in ag-related businesses.

That is a remarkable record, certainly unmatched by any other agricultural education program.

The other major educator of entry farmers, the agricultural departments in our Land Grant Universities and agricultural colleges, are graduating about 17,000 persons a year with degrees in agricultural subjects. Of these, on the average, less than half enter active farming, the majority engaging in ag-related vocations.

There is, of course, a vital educational program of adult vocational agricultural classes, operated by secondary school agricultural departments. These classes serve about 21,500 persons each year, but these students almost totally represent established farmers seeking to upgrade their technical skills.

The question may well be asked -- "with the decline in the number of farming units, why do we need to be training any farm replacements?"

During the decade of the 1970's, the turn-over rate in farm operators was about 65,000 persons a year. That represented the number of persons needed to replace the farm operators, going out of business, retiring or dying. That was the estimated number of people needed as entry farmers, taking into account that some consolidation of farming units was taking place.

Based on data made available to us by the authors of the USDA study "U.S. Farm Numbers, Sizes and Related Structural Dimensions, Projections to the Year 2000," (Technical Bulletin 1625, July, 1980) we are able to project that the probable need for entry farmers in the period from 1984 to 2000, will be about 43,000 a year.

Assuming that the Agricultural Colleges will continue to confer degrees on about 8,500 persons a year who will take up farming, and

Assuming again that the Farm Cooperative Training program under the G.I. Bill is terminated, the net effect will be that we will be educating about ONE-FIFTH of the entry farmers who will be needed in the years ahead.

We speculate on the assumption that the Farm Cooperative Training program will be discontinued from the fact that the House bill, H.R. 1400, "Veterans Educational Assistance Act of 1981," specifically drops the farm program from the types of educational programs which would be eligible for assistance under the new program.

It may be noted that paragraph 1444, "Program Administration," in H.R. 1400, fails to retain Section 1682 (c)(1), the language which authorizes the Farm Cooperative Training program.

Whether this deletion was intentional or inadvertant, we consider it a grave mistake to remove the option for veterans to use their G.I. educational eligibility for farm-related education.

It is well to recall the specific purpose of the G.I. bill as spelled out in Section 1651, Chapter 24, Title 38, USC:

> "The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country."

It would be discriminatory and unfair to decree that young people who interrupt their educational or farming careers to serve the Nation in the Armed Forces would be denied the opportunity to take up where he or she left off a few years back because Congress had dropped the Farm Cooperative Training program from the G.I. Bill.

We note, with approval, that at least one of the several Senate bills, S. 26, by Senator Pressler, continues all the education activities now eligible for assistance under the G.I. bill under the proposed new program.

National Farmers Union looks with favor upon the concept of re-enacting the kind of G.I. education law which prevailed before the adoption of Public Law 94-502 in 1976.

It is imperative, however, in our view, that any new authorizing legislation, fully provide for continuation of the Farmers Cooperative Training system.

ATTACHMENT "A"

THREE GI BILLS

COMPARISON OF PARTICIPATION RATES

			POST-KOREAN CONFLICT		
	World War II June 1944 - End of Program	Korean Conflict Sept. 1952 - End of Program	Peacetime Post-Korean 1/ June 1966 - Sept. 1980	Vietnam Era 2/ June 1966 - Sept. 1980	Vietnam Era Veterans Only June 1966 - Sept. 1980
Veteran population	15,440,000	5,509,000	3,050,000	9,625,000	9,625,000
Total trained	7,800,000	2,391,000	1,399,446	6,283,637 3/	5,562,314 4/
Percent	50.5%	43.4%	45.9%	65.3%	57.8%
School trainees	5,710,000	2,073,000	1,314,820	5,738,191	5,016,868
Percent	37.0%	37.6%	43.1%	59.6%	52.1%
College	(2,230,000)	(1,213,000)	(736,739)	(3,842,038)	(3,522,629)
Percent	(14.4%)	(22.0%)	(24.2%)	(39.9%)	(36.6%)
Other schools	(3,480,000)	(860,000)	(578,081)	(1,896,153)	(1,494,239)
Percent	(22.5%)	(15.6%)	(19.0%)	(19.7%)	(15.5%)
On-job trainees	1,400,000	223,000	64,717	510,414	510,414
Percent	9.1%	4.0%	2.1%	5.3%	5.3%
Farm trainees	690,000	95,000	19,909	35.032	35,032
Percent	4.5%	1.7%	0.7%	0.4%	0.4%

1/ Service after January 31, 1955 but no service after August 4, 1964.

2/ Service between August 5, 1964 and December 31, 1976.

3/ Includes 721,323 who last used training as service personnel.

4/ Includes only those using training as veterans.

ATTACHMENT "B"

GI BILL TRAINEES
WORLD WAR II AND KOREAN CONFLICT -- 1945 - 1966 ESTIMATE
(Thousands of Trainees)

WORLD WAR II						KOREAN CONFLICT				
Total	College Level	Schools Other Than College	On-Job Training	Farm	FISCAL YEAR	Total	College Level	Schools Other Than College	On-Job Training	Farm
					1966					
*	*	*			1965	22	16	5	*	*
*	*	*			1964	48	36	11	*	*
*	*	*			1963	93	69	23	1	1
*	*	*			1962	172	123	44	2	3
*	*	*			1961	306	210	83	6	8
*	*	*		*	1960	502	332	140	13	17
*	*	*		*	1959	755	493	205	28	29
1	*	*	*	*	1958	951	590	268	53	40
3	1	1	*	*	1957	1,056	643	286	77	49
103	50	50	1	2	1956	1,025	587	301	88	48
221	93	95	6	27	1955	857	454	280	81	41
445	164	186	21	74	1954	511	260	163	64	24
933	283	429	60	160	1953	188	96	57	28	6
1,743	478	859	123	282	1952					
2,500	732	1,160	226	383	1951					
3,098	1,056	1,302	374	367	1950					
3,223	1,232	1,106	542	343	1949					
3,579	1,492	1,090	702	294	1948					
3,639	1,664	815	915	245	1947					
1,180	535	265	352	29	1946					
35	24	8	2	*	1945					

* Less than 500.

NOTE: Totals may not add due to rounding.

ATTACHMENT "C"

CHAPTER 34
INDIVIDUALS IN TRAINING FROM FISCAL YEAR 1967 TO FISCAL YEAR 1980
By Type of Training

	Fiscal Year 1980	Fiscal Year 1979	Fiscal Year 1978	Fiscal Year 1977	Transition Quarter	Fiscal Year 1976	Fiscal Year 1975	Fiscal Year 1974	Fiscal Year 1973	Fiscal Year 1972	Fiscal Year 1971	Fiscal Year 1970	Fiscal Year 1969	Fiscal Year 1968	Fiscal Year 1967
GRAND TOTAL	1,106,889	1,278,538	1,521,840	1,937,874	1,320,947	2,821,514	2,691,566	2,358,608	2,125,595	1,864,158	1,584,866	1,210,731	925,013	686,919	467,883
College level - Total	842,595	968,433	1,144,900	1,381,103	890,322	1,925,436	1,695,575	1,337,098	1,181,350	1,064,513	917,389	677,240	528,515	415,714	338,785
Graduate	95,402	114,565	157,996	157,067	93,531	198,705	199,778	189,333	181,308	170,359	146,092	122,688	99,314	85,758	73,460
Junior college	427,268	484,789	572,244	712,788	461,946	1,054,492	868,417	586,034	467,272	389,900	321,835	204,060	--	--	--
Other undergraduate	319,415	369,079	414,660	511,248	334,845	672,239	627,380	561,731	532,770	504,254	449,462	350,492	429,201	329,956	265,325
Other schools - Total	190,156	225,838	283,361	444,379	358,049	750,037	804,368	809,603	755,559	637,962	521,873	416,658	330,000	254,576	129,098
Vocational & technical	32,060	36,155	43,75[illegible]	57,515	46,266	99,451	111,277	120,225	125,757	113,089	96,669	84,040	74,216	72,003	48,787
Other technical school	117,429	136,405	170,274	242,209	228,350	438,941	498,569	519,238	498,388	435,449	340,291	265,226	204,088	157,834	75,590
High school	12,854	17,854	26,251	67,176	33,250	137,941	123,132	104,981	74,859	38,973	28,014	17,105	13,971	9,078	4,721
Flight	21,031	24,906	28,847	46,126	25,324	42,571	44,606	44,710	43,061	42,647	52,827	49,393	36,517	14,741	--
Farm cooperative	6,782	10,518	16,236	31,353	24,859	31,133	26,784	20,449	13,494	8,884	4,072	814	388	170	--
On-job training - Total	74,148	84,267	93,579	112,392	72,576	146,041	191,623	211,907	188,686	161,683	145,604	116,833	66,498	18,629	--
Apprentice	40,385	44,884	48,858	57,865	37,908	71,007	90,189	100,840	96,357	91,052	88,613	76,177	50,221	17,634	--
Other	33,763	39,383	44,721	54,527	34,668	75,034	101,434	111,067	92,329	70,631	56,991	40,656	16,277	995	--
VETERANS - TOTAL	1,017,250	1,174,228	1,406,683	1,752,183	1,205,933	2,535,432	2,424,676	2,128,366	1,936,706	1,724,250	1,479,838	1,123,654	862,645	645,318	445,937
College level - Total	777,472	895,634	1,070,605	1,286,696	847,973	1,803,496	1,599,629	1,276,729	1,141,438	1,035,518	893,941	658,492	513,211	404,137	329,378
Graduate	73,432	89,363	110,740	126,675	76,871	166,596	170,933	167,531	162,487	153,074	133,787	112,165	91,464	78,730	68,807
Junior college	414,531	468,213	557,045	688,302	452,463	1,009,705	832,570	568,045	459,326	387,557	319,612	203,093	—	--	--
Other undergraduate	289,509	338,058	402,820	471,719	318,639	627,195	596,126	541,153	519,625	494,887	441,042	343,234	421,747	325,407	260,571
Other schools - Total	165,630	194,327	242,499	353,095	205,384	585,895	633,424	639,730	606,582	527,049	440,293	348,329	282,936	222,552	116,559
Vocational & technical	30,292	34,039	40,878	52,339	40,441	90,104	98,756	103,491	103,272	91,003	79,590	68,004	61,431	61,877	44,116
Other technical school	100,341	114,226	140,[illegible]94	196,518	182,977	370,859	419,081	445,236	423,565	365,942	289,220	221,548	171,138	136,088	67,753
High school	12,645	17,288	24,292	32,895	15,443	57,313	50,448	33,987	29,133	25,250	23,038	16,124	13,452	9,726	4,690
Flight	15,570	18,256	20,389	39,990	21,664	36,486	38,355	38,567	36,718	35,970	44,365	41,839	36,517	14,741	--
Farm cooperative	6,782	10,518	16,236	31,355	24,859	31,133	26,784	20,449	13,494	8,884	4,072	814	398	120	--
On-job training - Total	74,148	84,267	93,579	112,392	72,576	146,041	191,623	211,907	188,686	161,683	145,604	116,833	66,498	18,629	--
Apprentice	40,385	44,884	48,858	57,865	37,908	71,007	90,189	100,840	96,357	91,052	88,613	76,177	50,221	17,634	--
Other	33,763	39,383	44,721	54,527	34,668	75,034	101,434	111,067	92,329	70,631	56,991	40,656	16,277	995	--
SERVICE PERSONNEL - TOTAL	89,639	104,310	115,157	185,691	115,014	286,082	266,890	230,242	188,889	139,908	105,028	87,077	62,368	41,601	21,946
College level - Total	65,113	72,799	74,295	94,407	42,349	121,940	95,946	60,569	39,912	28,448	23,448	18,748	15,304	9,577	9,407
Graduate	21,970	25,202	27,256	30,392	16,660	32,109	28,845	21,802	18,821	17,285	12,805	10,525	7,850	5,028	4,653
Junior college	13,237	16,576	15,199	24,486	9,483	44,787	35,847	17,939	7,946	2,343	2,223	967	--	—	--
Other undergraduate	29,906	31,021	31,840	39,529	16,206	45,044	31,254	20,578	13,145	9,367	8,420	7,256	7,454	4,549	4,754
Other schools - Total	24,526	31,511	40,862	91,284	77,665	164,142	170,944	169,873	148,977	110,913	81,580	68,329	47,064	32,024	12,539
Vocational & technical	1,768	2,116	2,875	5,176	5,825	9,347	12,521	16,734	22,485	22,006	17,079	16,036	12,785	10,126	4,671
Other technical school	17,088	22,179	29,570	45,691	45,373	68,082	79,488	76,002	74,423	67,507	51,063	43,670	33,760	21,746	7,837
High school	209	566	1,959	34,281	17,807	80,628	72,684	70,994	45,726	14,723	4,976	1,061	519	152	31
Flight	5,461	6,650	6,458	6,136	3,660	6,085	6,251	6,145	6,343	6,677	8,462	7,554	--	--	--

NOTE: Correspondence data are not separately identified in this table as they are elsewhere.

ATTACHMENT "D"

NUMBER OF POST-KOREAN GI BILL TRAINEES WHO USED COOPERATIVE FARM TRAINING AS THEIR LAST TYPE OF TRAINING BY STATE AND FISCAL YEAR

Fiscal Years*

Location of Training	1980	1979	1978	1977	T. Q.	1976	1975	1974	1973	1972	1971
Alabama	37	40	56	153	119	97	44	0	0	0	0
Arkansas	1,017	1,559	2,486	4,494	4,120	5,763	5,410	4,153	2,271	1,070	650
Florida	267	368	554	1,030	904	1,119	953	613	394	298	109
Illinois	39	57	78	117	94	99	81	45	39	29	28
Indiana	119	303	747	2,199	2,216	2,579	2,028	1,023	212	54	0
Iowa	536	1,195	2,211	4,422	2,904	3,855	3,834	3,140	2,646	1,831	558
Kansas	34	120	142	252	212	147	31	0	0	0	0
Kentucky	281	260	263	232	151	149	0	0	0	0	0
Louisiana	0	0	8	19	18	70	71	50	48	55	41
Minnesota	1,140	1,500	2,081	4,008	2,549	2,972	2,950	2,432	1,273	824	277
Mississippi	167	215	240	412	194	163	83	0	0	0	0
Missouri	1,242	1,625	1,911	3,138	2,647	2,804	1,597	1,171	792	585	210
Nebraska	382	707	1,300	2,355	1,390	2,057	2,394	2,656	2,441	1,916	1,103
North Carolina	426	749	1,246	2,325	2,134	2,582	1,890	961	620	397	143
North Dakota	186	359	592	1,237	1,019	1,232	976	552	191	67	0
Ohio	25	53	82	107	76	91	23	0	0	0	0
Oklahoma	85	163	432	1,536	1,595	2,059	1,669	1,130	678	490	88
South Carolina	8	16	19	62	46	46	34	0	0	0	0
South Dakota	181	320	528	962	735	1,179	1,098	1,050	857	591	356
Tennessee	353	496	646	1,047	864	792	407	141	0	0	0
Virginia	39	44	39	57	47	75	36	36	33	0	0
Wisconsin	218	365	565	1,120	792	1,122	1,092	1,146	947	660	484
Wyoming	0	1	9	62	30	72	71	50	52	0	0
Total	6,782	10,515	16,235	31,346	24,856	31,124	26,772	20,449	13,494	8,867	4,047

* Prior to 1977 Fiscal Years ran from July 1 to July 30.

T. Q. Transition Quarter - the period from July 1, 1976 to September 30, 1976.

Fiscal Years after 1976 run from October 1 through September 30.

ATTACHMENT "E"

FOLLOW-UP STUDY OF VETERANS WHO HAD COMPLETED INSTITUTIONAL ON-FARM TRAINING UNDER G.I. BILL
STATE OF MINNESOTA, 1960

This study of 3,179 veterans, who had completed Institutional On-Farm Training programs under the G.I. Bill in the years 1954-1956, was conducted in 1960 by the Minnesota State Department of Education. During that period Farm Cooperative Training programs were functioning in 106 schools in the state.

Of the 3,179 students, the following data was reported:

* 2,663 persons --- or 83.7% --- were farming in 1960.

* 110 persons --- or 3.4% --- were in ag-related business.

* The average gain in net worth per farm from 1954 to 1956 was from $15,813. to $24,106., an advance of 58.7% per farm.

* The average gain in farm capital from 1954 to 1956 was from $18,676. to $28,693., an advance of 55% per farm.

Of the 406 farmers not continuing in farming or ag-related business, the leading reasons why trainees discontinued farming included: loss of lease, inability to secure satisfactory farm, lack of adequate credit, farm unit too small, poor or marginal land, and crop failure.

NEW GI BILL PROPOSALS

THURSDAY, JULY 23, 1981

U.S. Senate,
Committee on Veterans' Affairs,
Washington, D.C.

The committee met, pursuant to notice, at 9:15 a.m., in room 1202, Dirksen Office Building, Hon. Alan Cranston (acting chairman of the committee) presiding.

Present: Acting Chairman Alan Cranston (presiding), Senators Bob Kasten, Dennis DeConcini, and Spark M. Matsunaga.

Senator **Kasten**. The hearing will come to order.

Today we meet again to discuss educational assistance programs for present service members and tomorrow's veterans. After listening to some of the testimony yesterday, I can't help but think that had we not ended the post-Korean Educational Assistance Act in 1976, we would be here working to polish up or improve existing law.

I think it was a mistake, and I can remember when I voted against terminating the GI bill; I felt that it was going to be a mistake to terminate these benefits.

In any case, it is imperative that we bring back a GI bill type of program and that we do it in such a way that would increase both recruitment and retention. Yesterday, we heard from the Veterans' Administration and the Department of Defense, the services and several Senators and Congressmen. They all voiced their concern over various aspects of the GI bill.

In particular, we focused on the transferability provisions. It is becoming clear that this area will be one of the key questions that this committee will be dealing with as we work our way through some kind of a program.

I hope that we can further explore the transferability question today. I believe that the testimony from the Reserves, the National Guard, service and other organizations that will be presented today will help us as a committee as we strive to help solidify a strong All-Volunteer Force. I am confident, as I said yesterday, this can be done fairly and generously; yet still be cost effective. The first witness this morning will be Dr. Edward Philbin, Deputy Assistant Secretary of Defense for Reserve Affairs. Dr. Philbin.

TESTIMONY OF DR. EDWARD J. PHILBIN, DEPUTY ASSISTANT SECRETARY OF DEFENSE (RESERVE AFFAIRS), DEPARTMENT OF DEFENSE

Dr. **Philbin**. Mr. Chairman and members of the committee, I deeply appreciate the invitation to appear before this distinguished committee to discuss educational benefits for members of the Reserve components.

The Office of Reserve Affairs like the other elements of the Department of Defense that have testified before this committee is extremely interested in educational programs to enhance the recruiting and retention of high quality personnel for the Reserve components.

Congress in the past few years has been very supportive of the need to recruit and retain quality personnel in the Reserve components. Since fiscal year 1978, you have provided the Selected Reserves with an enlistment bonus for non prior-service people that pays up to $2,000 to qualified personnel, a reenlistment bonus paying $900 to $1,800 for 3- and 6-year reenlistments for first-termers, and an affiliation bonus of $25 for each month remaining on a 6-year obligated term, educational assistance in lieu of non-prior-service enlistment bonus which pays $1,000 for a 12-month period for a maximum of 4 years, and a $600 reenlistment bonus in the individual Ready Reserve.

Pursuant to the authority in the Department of Defense Authorization Act of 1981 to test various educational alternatives, Reserve Forces are employing the loan repayment program of $500 or 15 percent per year of guaranteed student loans for satisfactory participation in Secretary of Defense approved occupational specialities.

Together, these complementary programs form a cohesive package. And I believe it would be misleading to consider them independently of one another. Unfortunately, the initial educational assistance program pegged at $500 for a 12-month period did not induce a very great number to enlist.

However, the current educational assistance program that I mentioned is beginning to show results. The loan repayment program which is currently in the test phase will be evaluated when we have sufficient data upon which to base conclusions.

We in the Department of Defense elicit your support in delaying any new educational incentives until the test results can be analyzed and a proposal for a permanent educational program is formulated and submitted to the Congress.

Mr. Chairman, this concludes my statement. Thank you for your courtesy in allowing me to present it.

Senator **KASTEN**. Mr. Philbin, you mentioned that the educational assistance program option, as an alternative to enlistment bonuses, began to show results when assistance levels were raised to $1,000. Do you have specific figures on how many or what percentage of the enlistees took advantage of this option?

Dr. **PHILBIN**. We could submit that for the record, sir.

Senator **KASTEN**. OK.

[Subsequently, the Department of Defense submitted the following information:]

During the time that the $500 program was in effect, the Reserve components enlisted 526 personnel for educational assistance. For the half year from October 1, 1980, to end March 1981, the Reserve components have had 3,316 personnel sign up for this option. Annualized, this would indicate that the enhanced program is 12 to 13 times as effective.

The following gives the breakdown by Reserve component as of March 31, 1981:

	$500 bonus	$1,000 bonus
ARNG	221	1,561
USAR	274	1,246
USMCR	5	9
USNR		
ANG	6	323
USAFR	20	95
Total	526	3,316

Senator **Kasten**. Do you see any potential conflict between proposals that encourage individuals to stay on active duty for long periods of time such as 10 to 12 years in order to establish eligibility for transfer ability of benefits to dependents, for example? Do you see any conflict between the proposals establishing a long period of time, and the need to meet your Reserve recruiting goals?

Or, are we dealing with two relatively distinct groups of individuals with different career objectives and with different desires in terms of the benefits that they hope to earn as a result of the service?

It seems to me that a large number of the people that do serve in the Reserves come, at one point or another, off of active duty.

Dr. **Philbin**. That is certainly true. And I think that when we put together any particular package of benefits for the Reserve components—and by that term, I include the Air Guard and the Army Guard—we have to look at possible differences in psychology and approach to life.

So I don't think that what is decided and is valid for the Active Duty Forces would necessarily be valid for the Reserve Forces. That has to be carefully examined I think.

Senator **Kasten**. Can you be more specific? You are saying you are dealing with two different types of individuals. Is that what you said?

Dr. **Philbin**. I think we are for the most part. I am talking from experience now; I am not referring to specific sociological data. I think that people who go into the reserve for more than one term are very likely to stay until they can retire. They seem to do it for reasons other than specific benefits.

I must add that that opinion is based on people who are already making some kind of an analysis. So I think we have to carefully examine the differences between the two groups or consider the possibility that there are differences.

Senator **Kasten**. In light of the experiences that we have had with the current Vietnam-era G I bill, the chapter 32 VEAP authority, and the preliminary results of the first VEAP kicker test which was conducted by the Army; what specific questions do you believe can be answered by the results of the test? What specific things do you believe we will learn from it that we do not know at this time?

Yesterday there was a good bit of discussion about the fact that we don't need any more studies, or tests; the facts are pretty clear. And yet here we are going forward with more studies and more tests. What are we going to learn?

Dr. **Philbin**. Well, let me suggest this to you, sir. The test was done at the request of the Congress. And to speculate about what we will learn from the results of the tests before we see the results would be speculative on my part. I am afraid I can't really do that.

But I do hesitate to spend large amounts of taxpayer money before I see the results of that test to be certain that what we do will be cost effective.

Senator **Kasten**. Be certain of what?

Dr. **Philbin**. That what we propose to do will be cost effective based on the data.

Senator **Kasten**. Do you believe that proposals that tie eligibility for educational incentives to some combination of active duty service and completion of Reserve requirement helped to enhance your recruitment efforts?

Dr. **Philbin**. Sir, I can give you an answer which is very subjective in nature and personal.

Senator **Kasten**. I would like any answer you can give us.

Dr. **Philbin**. Because of my background as a university professor, I would say that the type of people that I would like to see in the Reserve Forces would be interested in educational benefits. But I cannot say that that is universally a truism.

Senator **Kasten**. It seems that we might with this kind of legislation, although we are talking about an educational program, finally end up discussing this on the Appropriations Committee or wherever we are talking about a total benefit package for the military. What relative merit or weight do you give to educational benefits versus pay and different bonus kinds of systems, let's say realistic bonus systems. But how do you weigh just the dollars that you receive today versus the educational benefits that might be accruing sometime in the future in terms of the ability for recruitment and retention?

And do you think there is any significant difference between the Reserve Forces and the Active Duty Forces in this way?

Dr. **Philbin**. I would say that there probably are significant differences between the personnel in the Active Forces and the personnel in the Reserve Forces. I think that you will find when we examine the data that there are far more college students going into and serving in the Reserve than there are in the Active Duty Forces.

So I would expect in the absence of data that the Reserve Forces would utilize any kind of educational assistance offered to a greater degree than the Active Duty Forces. But I have to urge you again that that is a subjective viewpoint, and I really would like to wait for some type of evidence to substantiate that.

Senator **Kasten**. Thank you for your testimony. We and members of the committee look forward to working with you as we wrestle with this difficult problem. I am confident that we are going to have some kind of legislation that will address itself to some of the problems that we are dealing with.

But it is clear to me and I think it is clear to other members of the committee that we have got some tradeoffs to make here, and it is important that we make them in a proper way. And we look forward to your advice and guidance as we work through this difficult subject.

Thank you very much.

Dr. PHILBIN. Sir, you have my promise of as much cooperation as you require.

Senator KASTEN. We next have a panel which includes Rear Admiral Johnson, General Berkman, General Bodycombe, General Crist, Admiral Vaughn, General Walker. If you could take your places at the table, we will begin with testimony from each of you.

It is the intention of the committee that each of you will give your testimony in the order that I listed, and then we will address questions to individuals. I would like very much for any of you to feel free to jump in and interrupt any question that is asked to one of the others. The purpose is to get as much information as we are able to.

I think that before we begin, I would like to turn the gavel over to Senator Cranston, who is going to be chairing the hearing for the rest of the morning. We got a little bit of a head start on you this morning. And I am sure that Senator Cranston will also have a brief statement.

Senator, these are your hearings for this morning, and why don't I just turn it over to you before we begin. We began, this panel just sat down and they are about ready to start.

OPENING STATEMENT OF HON. ALAN CRANSTON, ACTING CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Senator CRANSTON. I appreciate that very much. I just have a very brief statement. I welcome each of you to this second day of committee hearings on legislation to establish a new GI bill for the All-Volunteer Force.

As a ranking Democratic member of the committee, I am delighted to be chairing these hearings at the request of Chairman Alan Simpson. I appreciate Bob Kasten's cooperation in this.

As I indicated in my opening statement yesterday, I am deeply committed to the preservation of the all-volunteer military force, and I believe this committee's work in this area is a vital part of our attempts to strengthen our Nation's defense and provide for the military might that our national security requires.

Educational incentives have a very significant role to play in increasing the number and quality of the people we attract to and retain in the armed services and in helping to assure the success of the All-Volunteer Force. Despite the administration's position that we adopt a wait-and-see attitude this year pending the results of the 1-year test study that is currently underway, I believe we can and should proceed on the basis of the many proposals before us developed with much thought and consultation within and outside the Congress, giving the executive branch the discretion it needs to act on the basis of the study results once they are confirmed.

I want to reiterate my intention to seek prompt enactment of a new GI bill and that I intend to work closely with all those involved. I believe it is vital in terms of our national security needs that the Congress take steps to assure those who are considering entry into the armed services that we are serious in our efforts in this area.

Thank you very much.

If you would now proceed in whatever order you are going to do it with your testimony.

TESTIMONY OF A PANEL CONSISTING OF: MAJ. GEN. EMMETT H. WALKER, JR., DIRECTOR, ARMY NATIONAL GUARD; MAJ. GEN. WILLIAM R. BERKMAN, CHIEF, ARMY RESERVES; REAR ADM. C. A. E. "CRICKET" JOHNSON, DEPUTY DIRECTOR, NAVAL RESERVES; MAJ. GEN. RICHARD BODYCOMBE, CHIEF, AIR FORCE RESERVES; REAR ADM. SIDNEY B. VAUGHN, CHIEF, COAST GUARD RESERVES; AND MAJ. GEN. GEORGE B. CRIST, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS, MARINE CORPS

Gen. **Walker**. I will be happy to go first. Thank you, Mr. Chairman. I have submitted a statement that I ask to be made part of the record. And with your permission, I have a very brief oral statement.

Mr. Chairman, members of the committee, I appreciate the opportunity to appear before you this morning to discuss an educational assistance program for the armed services. My statement represents the views of the Chief of the National Guard Bureau and the Directors of the Army and Air National Guard.

We in the National Guard believe that an educational assistance program which includes the Guard and Reserve is essential. We currently have an educational incentive program. We have made some advances as a result of this program and we think we can make even more with the continuation of this type of assistance.

We believe that an educational assistance program representing the total force would greatly assist the National Guard in its endeavors to attract and retain the quality and quantity of people that we need to become the most efficient and effective force possible.

That is the end of my statement, sir. I am available for your questions.

[The prepared statement of Maj. Gen. Emmett H. Walker, Jr., Director, Army National Guard, follows:]

PREPARED STATEMENT OF MAJ. GEN. EMMETT H. WALKER, JR., DIRECTOR, ARMY NATIONAL GUARD, NATIONAL GUARD BUREAU, DEPARTMENTS OF THE ARMY AND THE AIR FORCE

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you today to discuss an education assistance program for members of the Armed Forces. My statement represents the views of both the Chief of the National Guard Bureau and the Director of the Air National Guard who are out of town.

We in the National Guard believe that an education assistance program which includes the Guard and Reserve is essential. As you know, we currently have an incentives program. We have made some advances as a result of this program, and we think that we can make even more with the continuation of this type of assistance. The need for an educational incentive bill is generally agreed to; however, the National Guard Bureau concurs in the Department of Defense decision to await the results of the present test programs and submission of a legislative proposal early next year. We expect the DOD proposal which will be developed from its current test program to take the Guard's needs into consideration.

Despite the incentives provided by the Congress and the best efforts of our people, the Army National Guard has experienced difficulty in recruiting and retaining qualified people. Progress has been made but not enough to meet our required strength. The Army National

Guard with its current membership of 383,246 is at approximately 90.4 percent of its authorized peacetime strength.

With great effort, the Air National Guard has reached its highest strength since its inception in 1946. Its more than 97,000 members reflect 96 percent of its authorized peacetime strength. Even though this is a significant achievement, the Air National Guard has been unable to attract sufficient members in critical skill areas which has resulted in a shortage of 11,000 people in that category.

As everyone knows, recruiting and retention require an inordinate amount of time to administer and make heavy demands on our already overburdened commanders. Even so, the Army and Air National Guard are working very hard to improve their posture in the Total Force and to sustain the All-Volunteer Force. However, notwithstanding the support and assistance of the Congress, we still have not made sufficient progress. Although our situation is not as bleak as it has been in the recent past, there is much to be done. We believe that an education assistance program representative of the Total Force would greatly assist the National Guard in its endeavors to attract and retain the quality of people we need to become the most effective and efficient organization that we can be.

Mr. Chairman, this concludes my statement.

Senator **Cranston**. If others of you have statements, would you go through them now and then we will ask questions after.

General **Berkman**. Mr. Chairman, I am Bill Berkman, Chief of Army Reserve. It is an honor and pleasure to appear today to discuss the Army Reserve's interest in educational assistance proposals.

The Army Reserve has made some improvement in the strength of troop program units in the past few years; moving from an end strength in 1978 of approximately 186,000 to the current projected fiscal year 1981 end strength of approximately?

However, the Army Reserve is still substantially short of the fiscal year 1982 wartime required strength for the troop program units of 286,000. Consequently, I believe that any legislative proposal implementing the concept of educational assistance for active Federal service should also include provisions to support service in the Reserve components.

The current Selected Reserve incentive programs are designed to support Reserve component recruiting and retention of high school graduates and higher priority Reserve component units and certain critical skills. These current programs include an enlistment bonus and reenlistment bonus and affiliation bonus.

Also there is currently an educational assistance program for the Reserve components which is only available as an alternative option that may be selected in lieu of the enlistment bonus.

In regard to the educational assistance program for the Army Reserve, it has been increased from $500 a year maximum to $1,000 per year maximum, and the total monetary payment available over a 6-year period was increased from $2,000 to $4,000. As a result, there appears to be a trend of increased enlistment of high school graduates.

As of May 25, 2,172 people representing approximately 36 percent of those eligible had enlisted in the Army Reserve for the educational assistance incentive compared with 170 enlistments at the same time last year. This increase of almost 1,200 percent indicates that an attractive educational assistance program can support strength increases in the Army Reserve troop program units.

The Selected Reserve incentive programs have the important function of encouraging enlistments as well as distributing available manpower to higher priority units and to critical skills. In a current review of additional assistance programs, we will keep in mind the benefits and application of those programs to correct Reserve component strength shortages in certain high priority units as they may exist or develop in the future.

I therefore concur in the Department of Defense decision to await results of present test programs before submitting a legislative proposal next year.

I appreciate the interest and efforts of this committee to encourage and support membership in the Army Reserve. Thank you, Mr. Chairman.

[The prepared statement of Maj. Gen. William R. Berkman, Chief, Army Reserve, follow:]

PREPARED STATEMENT OF MAJ. GEN. WILLIAM R. BERKMAN, CHIEF, ARMY RESERVE

Mr. Chairman. It is an honor and pleasure to appear today to discuss the Army Reserve's interest in educational assistance proposals.

The Army Reserve has made some improvement in the strength of troop program units in the past few years--moving from an end strength in 1978 of approximately 186,000 to the current projected Fiscal Year 1981 end strength of approximately 219,000. However, the USAR is still substantially short of the Fiscal Year 1982 wartime required strength level for the troop program units of 286,000.

Consequently, I believe that any legislative proposal implementing the concept of educational assistance for active federal service should also include provisions to support service in the Reserve Components. The current Selected Reserve Incentive Programs are designed to support Reserve Component recruiting and retention of high school graduates in higher priority Reserve Component units and certain critical skills. These current programs are enlistment and reenlistment bonuses and affiliation bonuses.

There is also currently an educational assistance program for the Reserve Components which is only available as an alternative option that may be selected in lieu of the enlistment bonus.

In regard to the educational assistance program for the Army Reserve, it was increased from $500 a year maximum to $1,000 per year maximum and the total monetary payment available over a six-year period was increased from $2,000 to $4,000. As a result, there appears to be a trend of increased enlistment of high school graduates. As of May 25th, 2,172 people, representing approximately 36% of those eligible, had enlisted in the Army Reserve for the educational assistance incentive compared with 170 enlistments at the same time last year. This increase of almost 1,200 percent indicates that an attractive educational assistance program can support strength increases in the Army Reserve troop program units.

The Selected Reserve Incentive Programs have the important function of encouraging enlistments as well as distributing available manpower to higher priority units and to critical skills. In a current review of additional assistance programs we will keep in mind the benefits and application of those programs to correct Reserve Component strength shortages in certain high priority units as they may exist or develop in the future.

I, therefore, concur in the Department of Defense decision to await results of present test programs before submitting a legislative proposal next year.

I appreciate the interest and efforts of this Committee to encourage and support membership in the Army Reserve.

General **Bodycombe**. Mr. Chairman, I am Dick Bodycombe, Chief of the Air Force Reserve. I appreciate this opportunity to be here this morning with you to testify about the various legislative issues concerning educational assistance for Reserve members of the Armed Forces that are presently being considered by your committee.

The Air Force Reserve's position is that in legislative matters such as this, we would support whichever proposal the Regular Air Force indicates would be most beneficial for them. In stating that, however, I must underline the outstanding success that the Air Force Reserve has achieved in the last 4 consecutive years in the meeting of our congressionally mandated strength levels.

We are now manned at 98 percent of our wartime objective, and as a result we have been given many more major wartime roles by the active duty Air Force. At this point in time, 78 percent of our selected reservists in the unit programs have prior military service.

We have been relying very heavily on these people who have recently left active duty with highly developed technical skills. If whatever educational assistance program is adopted by the Congress, if it succeeds in retaining more people on active duty—and I surely hope it does—then our ability to fulfill our future reserve manning objectives will naturally become more difficult. I believe this is a question that you asked Secretary Philbin.

It is absolutely essential then that we be able to remain competitive in attracting and retaining the kinds of young prior service men and women we desperately need in our technical oriented force.

As I mentioned earlier, the Air Force Reserve would support an educational assistance program which fulfills the needs of our active duty counterparts. We also believe however that any equitable educational assistance program should be so structured as to fully recognize the needs of the Reserve Forces.

We believe these programs should include both recruiting and retention features as they apply to the Reserve Force.

In summary Mr. Chairman, I feel that a veterans' educational program will be needed if the armed services, both active and reserve, are to meet their future manpower requirements in the decade ahead.

Thank you for this opportunity, sir, and I stand by to answer any questions.

[The prepared statement of Maj. Gen. Richard Bodycombe, Chief of Air Force Reserve, follows:]

PREPARED STATEMENT OF MAJ. GEN. RICHARD BODYCOMBE, CHIEF OF AIR FORCE RESERVE

Mr Chairman and Members of the Committee:

I appreciate this opportunity to testify about the various legislative issues concerning educational assistance for Reserve members of the Armed Forces presently being considered by your committee. The Air Force Reserve's position is that, in legislative matters such as this, we would support whichever proposal the regular Air Force indicates would be most beneficial for them. In stating that, however, I would like to underline the outstanding success the Air Force Reserve has had during the last four consecutive years in meeting our Congressionally-mandated strength levels. We are now manned to about 98 percent of our wartime manning objectives; and, as a result, have been given more major wartime roles by our active duty counterparts.

Seventy-eight percent of our Selected Reserve unit personnel are individuals with prior active duty service. We have been relying very heavily on these people who have recently left active duty with highly-developed technical skills. If whatever educational assistance proposal is adopted succeeds in retaining more people on active duty (and I hope it does), our ability to fulfill our future manning objectives will naturally become more difficult. It is absolutely essential, then, that we be able to remain competitive in attracting and retaining the kinds of young men and women that we so desperately need in our technically-oriented force.

As I mentioned earlier, we would support an educational assistance program which fulfills the needs of our active duty counterparts. We also believe however, that any equitable educational assistance programs be structured so as to fully recognize the needs of the Reserves. It would have to include both recruiting and retention features as they apply to the Reserve forces.

In summary, Mr Chairman, I feel that a veterans education program will be needed if the Armed Services, both Active and Reserve, are to meet their future manpower requirements.

Thank-you for the opportunity to address the committee on this important issue. I will be glad to respond to any questions.

Senator CRANSTON. Admiral Vaughn.

Admiral VAUGHN. I am Sid Vaughn from the Coast Guard Reserve. I have a statement that I have submitted for the record.

I don't know that I would have a great deal to add to what my associates have already said other than the Coast Guard Reserve certainly supports any type of educational assistance program.

Like General Bodycombe, I am somewhat concerned about what the retention rate in the regular force might do to the Coast Guard Reserve as a result of some benefits offered by any one of these bills.

We are right now attempting to increase the percentage of nonprior-service members of the Coast Guard Reserve. And of the bills that we have before us this morning, none of those provide any educational benefit for any member of the reserve who has not served at least some prior active service.

In my opinion, we need a provision covering nonprior service reservists included in the bill. That concludes my statement. I can answer any questions on that later.

[The prepared statement of Rear Adm. Sidney B. Vaughn, Chief, Coast Guard Reserve, follows:]

PREPARED STATEMENT OF REAR ADM. SIDNEY B. VAUGHN, CHIEF, U.S. COAST GUARD RESERVE

MR. CHAIRMAN, IT IS A PLEASURE TO APPEAR BEFORE THIS COMMITTEE TO TESTIFY ON THE TOPIC OF EDUCATIONAL INCENTIVES FOR OUR RESERVISTS.

LET ME BEGIN BY SAYING THAT THE COAST GUARD STRONGLY ENDORSES APPROPRIATE EDUCATIONAL INCENTIVES THAT WOULD CONTRIBUTE TO THE SECURITY OF OUR NATION'S FUTURE BY ATTRACTING AND RETAINING QUALITY PEOPLE FOR MILITARY SERVICE.

I BELIEVE THE IMPORTANCE OF OUR RESERVE COMPONENTS AS A PART OF OUR TOTAL FORCE CONCEPT HAS BEEN MADE CLEAR IN RECENT YEARS. THIS WAS GRAPHICALLY DEMONSTRATED IN 1980 WHEN OUR COAST GUARD RESOURCES WERE STRAINED BY THE DEMANDS OF THE CUBAN REFUGEE OPERATIONS IN THE STRAITS OF FLORIDA. BETWEEN JUNE 3, 1980, WHEN THE PRESIDENT APPROVED AN INVOLUNTARY RECALL OF COAST GUARD RESERVISTS, AND SEPTEMBER 30, 1980, WHEN RESERVE PARTICIPATION WAS OFFICIALLY TERMINATED, OVER 1,800 INDIVIDUAL COAST GUARD RESERVISTS, VOLUNTARY AND INVOLUNTARY, AUGMENTED COAST GUARD FORCES IN MEETING THIS CRISIS. WITHOUT EXCEPTION, THEIR PERFORMANCE WAS CLEARLY OUTSTANDING.

THIS IS THE CALIBER OF PEOPLE WE WANT IN THE COAST GUARD RESERVE; THESE ARE THE PEOPLE TO WHOM CAREER INCENTIVES MUST BE DIRECTED.

WHEN CONSIDERING LEGISLATION THAT WILL PROVIDE EDUCATIONAL INCENTIVES TO THE MEMBERS OF THE RESERVE COMPONENTS, I WOULD URGE YOU TO REMEMBER THE UNIQUE CHARACTER OF THEIR SERVICE. WITHIN THE COAST

GUARD RESERVE THERE IS A LARGE SEGMENT OF THE POPULATION THAT HAS NO PRIOR ACTIVE DUTY. THIS IN NO WAY DETRACTS FROM THEIR CONTRIBUTION TO MOBILIZATION READINESS. THEY ARE SELECTIVELY RECRUITED TO MEET SPECIFIC SKILL REQUIREMENTS AND ARE EQUALLY WORTHY OF YOUR CONSIDERATION.

THERE IS NO DOUBT IN MY MIND THAT EDUCATIONAL BENEFITS WILL FAVORABLY AFFECT RESERVE MANNING. IN DEVELOPING THESE INCENTIVES WE MUST BE SURE THAT THEY ARE ORIENTED TO SELECTIVELY ATTRACTING AND RETAINING QUALITY PEOPLE TO RESERVE SERVICE IN A VERY COMPETITIVE ENVIRONMENT.

THE ADMINISTRATION RECOMMENDS THAT NO ACTION BE TAKEN UNTIL THE RESULTS OF THE DEPARTMENT OF DEFENSE TESTS AND STUDIES OF THE POST-VIET NAM ERA EDUCATIONAL ASSISTANCE PROGRAM HAVE BEEN COMPLETED. THE COAST GUARD WILL CAREFULLY EXAMINE THOSE RESULTS AS THEY MAY APPLY TO THE RESERVE PROGRAM.

MR. CHAIRMAN, THAT CONCLUDES MY PREPARED STATEMENT. I WILL BE PLEASED TO RESPOND TO ANY QUESTIONS YOU MAY HAVE.

Senator CRANSTON. Admiral Johnson.

Admiral JOHNSON. Good morning, Mr. Chairman. I am "Cricket" Johnson, the Deputy Director of Naval Reserve. It is my pleasure to appear before this committee in support of educational assistance programs for veterans and members of the Armed Forces.

There are two general factors that must be considered as background for my remarks. First, we have never had a broad program of educational assistance for service in the Selected Reserve. Therefore, we must extrapolate from our previous experience with the GI bill for active service to estimate the impact of an educational assistance program for the Selected Reserve.

I am waiting for the results of the non-prior-service educational assistance enlistment option incentive of up to $4,000 and a student loan forgiveness program authorized by Congress last year in order to evaluate the impact of these programs.

Second, I recognize that our military components, active and reserve, will face a more difficult recruiting and retention task in the future as the number of 18-year-olds decrease and our Nation's economy improves thereby becoming more competitive in attracting our youth in both the primary and secondary labor markets.

With these factors as background, I would like to offer some general comments with respect to educational assistance proposals that include benefits for service in the selected Reserve. I wish to note, however, that the administration has not taken a position on these proposals pending the outcome of the test programs referred to earlier.

First, caution must be used to insure that any such program is properly structured to insure that it will not be a disincentive to active duty service; and second, that sanctions are included that will require fulfillment of the individual's service obligation, both for the agreed term and at a level of satisfactory performance in the Reserve.

I believe an ideal program could increase the number and quality of nonprior service accessions; improve retention during the critical career development phase of the first 6 years of service; improve the participation rates of personnel during the first 6 years of service; and decrease the necessity of using involuntary active duty or active duty training to ensure personnel receive the necessary training.

Last, it could be an efficient incentive in that it would attract significantly more people that we anticipate would actually use their entitlement.

That concludes my statement, Mr. Chairman, and I will be happy to answer any questions.

[The prepared statement of Rear Adm. C. A. E. Johnson, Deputy Director of Naval Reserves, follows:]

PREPARED STATEMENT OF REAR ADM. C. A. E. "CRICKET" JOHNSON, DEPUTY DIRECTOR OF NAVAL RESERVES

Mr. Chairman and Members of the Committee:

It is my pleasure to appear before this committee in support of Educational Assistance programs for veterans and members of the Armed Forces.

There are two general factors that must be considered as background for my remarks. First, we have never had a broad program of Educational Assistance for service in the Selected Reserve. Therefore, we must extrapolate from our previous experience with the GI Bill for active service to estimate the impact of an Educational Assistance program for the Selected Reserve. I am waiting for the results of the non-prior service Educational Assistance enlistment option incentive of up to $4,000 and the Student Loan Forgiveness program authorized by Congress last year in order to evaluate the impact of these programs. Second, I recognize that our military components, active and Reserve, will face a more difficult recruiting and retention task in the future as the number of 18 year olds decrease and our Nation's economy improves, thereby becoming more competitive in attracting our youth in both the primary and secondary labor markets.

With these factors as background, I would like to offer some general comments with respect to educational assistance proposals that include benefits for service in the Selected Reserve. I wish to note, however, that the administration has not taken a position on these proposals, pending the outcome of the test programs referred to earlier.

First, caution must be used to ensure that any such program is properly structured to ensure that it will not be a disincentive to active duty service and, second, that sanctions are included that will require fulfillment of the individual's service obligation both for the agreed term and at a level of satisfactory performance in the Reserve.

I believe an ideal program could:

- Increase the number and quality of non-prior service accessions.
- Improve retention during the critical career development phase of the first six years of service.
- Improve the participation rates of personnel during the first six years of service.
- Decrease the necessity of using involuntary active duty or active duty training to ensure personnel receive the necessary training.

- Be an efficient incentive in that it would attract significantly more people than we anticipate would actually use their entitlement.

I will be happy to respond to any questions or provide any additional information you desire.

Senator **Cranston**. General Crist.

General **Crist**. Good morning, Mr. Chairman. I am Maj. Gen. George Crist, Deputy Chief of Staff for Reserve Affairs. My statement is before the committee; I would ask that it be made part of the record. In the interest of getting on with the questions, I will waive any oral statement.

[The prepared statement of Maj. Gen. George B. Crist, Deputy Chief of Staff for Reserve Affairs, U.S. Marine Corps, follows:]

PREPARED STATEMENT OF MAJ. GEN. GEORGE B. CRIST, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS, U.S. MARINE CORPS

Mr. Chairman, members of the Committee

It is a pleasure to appear before you today to discuss educational assistance for members of the Marine Corps Reserve.

The concept of educational assistance has to be approached in the context of recruiting and retention. The Marine Corps Reserve is presently six thousand selected reservists short of the wartime personnel requirement. The goal is to reach wartime strength by Fiscal Year 1986. Total manpower, however, only represents part of the equation. It is equally essential that the proper mix of skills and ranks also be attained. Neither can be accomplished without a full range of incentives to recruit and retain the necessary Reserve manpower.

Thanks to the foresight of Congress we have the tools; education bonus, non prior service enlistment bonus, Selected Reserve reenlistment and affiliation bonuses, and the Individual Ready Reserve bonus. The enlistment and reenlistment bonuses have been successful in achieving the purpose for which they were designed. The education bonus was under subscribed last year primarily due to the small amount of money offered and the semester delay before a claim could be submitted. The result of Congress rectifying this shortcoming last year has been full ulitization, to the point where additional funds have been transferred to this account. For 1981, two new bonuses were authorized; selected Reserve affiliation and Individual Ready Reserve bonuses. These are undersubscribed at the moment due to the short start up time available, but they hold excellent promise.

Thus, in the last two years alone, Congress has provided the Reserve with varied and effective tools to increase enlistment and retention and ameliorate the critical skill shortage problem. I am frankly reluctant, at a time when our end strength is increasing, to contemplate significant changes to an incentive program which seems to be effective.

Further, greater thought needs to be given to what, if any, linkage should exist between education incentives for the active forces and those for the Reserve. Historically, the G. I. Bill has been reserved for young men and women who were willing to commit two or three years of their lives to service on active duty. This was a proper recognition for personal sacrifice while at the same time providing a strong incentive toward influencing quality individuals to volunteer for military duty.' The Reserve, on the other hand, is only required to serve 38 days a year on active and inactive duty. This commitment, while significant, is neither directly proportionate to that of the active Marine nor is it motivated by the same career perceptions. For these reasons, Congress has viewed incentive programs for the Reserves in a different context than for the Actives, and I believe rightly so.

Separate recognition of the unique nature of the Reserve establishment was embodied in the enactment of the various public laws which provide for "Educational Assistance For Enlisted Members Of The Selected Reserve of the Ready Reserve."; Sections 2131 through 2135, USC Title 10. The purpose of this program "to encourage enlistments in units of the Selected Reserve" remains as valid today as when it was first enacted in 1977.

Thanks to responsive amendments by the Congress it has continued to be a viable incentive to achieve the intended purpose. For those reasons, great care should be taken in contemplating changes to this act if it is simply a spin off of providing an educational assistance program for the active forces.

In summary, the Marine Corps Reserve needs a varied range of incentives if we are to continue to grow to meet wartime requirements. Essential, but by no means exclusive, is an educational assistance program. Such a program now exists. If kept current in terms of dollar entitlements, it should meet the need. But, it is not clear what additional benefit would be derived by subsumming this existing Reserve incentive into a program designed primarily to restore educational assistance for the active services.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you may have.

Senator **Cranston**. I would like to ask you several questions; I will pose them to the panel at large. If one person chooses to answer, then if others have different views or agree, if you could indicate that. Since the administration has adopted a sort of wait-and-see attitude pending further consideration and studies, I would really like to get your personal opinions.

Each of you in your prepared testimony seems to be suggesting that a new GI bill take into account the special nature of service in the Reserves and recognize the distinction between that service and service on active duty in the regular forces.

Have you reviewed various elements of the pending measures and have you determined which of those elements make that distinction and would in your personal opinions best suit your needs in that respect?

General **Bodycombe**. I will be happy to start out, sir. The way we view it in the Air Force Reserve, we see three major features that we would like to have in a bill.

First of all, the dollar should be up front. They should be available to our young non-prior-service people rather early in their careers. We found a high percentage of our nonpriors, virtually all of them, are high school graduates; and are all technically oriented. They are all seriously considering improving their education and would be very interested in going on to higher education. Consequently, the money would be necessary early.

Second, this individual should not have to in any way, shape or form go on active duty other than for basic training. If you require any more active duty than that, you really destroy any incentive. If they are going to go on active duty, they will go on active duty and go into the regular force. They are not technically, I believe, as Secretary Philbin was starting to tell you, two different kinds of people.

We would rather not have any limitation that drives them into an extended active duty commitment.

And third, we think it should apply across the board to all members of the unit. Don't tie it to any specific, special critical skill. That problem can be approached and should be approached separately. You don't want two classes of citizens in your Reserve unit.

Our units are highly cohesive. They have a great taproot in their communities; they have a great spirit of togetherness and belonging. And if you were to separate those out that were eligible and those that weren't, you are going to give the commander a tremendous morale problem.

And those are the three aspects, sir, that I would highly recommend.

General **Berkman**. Mr. Chairman, I am Bill Berkman Chief of the Army Reserve. A couple of points that I would like to make in addition to those made by General Bodycombe. One is to emphasize that currently there is a variety of incentive programs that support recruiting and retention in the Army Reserve. They include enlistment bonuses for non-prior-service personnel, reenlistment bonuses, affiliation bonuses, and the educational assistance program that I mentioned which 36 percent of those eligible are taking in lieu of bonuses, as well as bonuses for individual Ready Reserves to reenlist.

I personally believe that these incentives have contributed to improved strength in the troop program units of the Army Reserve. They should be extended to eligible individuals in all Army Reserve units.

It is also my personal opinion that any new educational assistance legislation should not be in lieu of or adversely affect or reduce the continuation of the current incentive programs.

Again, it is my personal opinion that in addition to support of the active component service, any additional educational assistance legislation should also support service in the reserve components and should include several elements:

First, the assistance entitlement or should be available to eligible reservists in an amount equal to that accrued for active component service; although, of course, a longer period of reserve service would be required to earn the total entitlement.

Second, I personally believe that the assistance, as General Bodycombe indicated, should be available to reservists following initial active duty for training, contingent upon continuing satisfactory reserve service and satisfactory progress in the educational program.

Third, I believe that the assistance should be applicable to certified vocational education and training programs in addition to college programs.

Thank you, sir.

Senator **Cranston**. Thank you. Any other comments from the panel?

General **Walker**. Yes, sir, Mr. Chairman. I am "Mickey" Walker of the National Guard. As we analyzed the current bills, sir, they focus almost entirely on prior active duty personnel and generally exclude the non-prior-active duty people, which are the mainstay of the National Guard.

As General Berkman has mentioned, our incentive program certainly has been very valuable to us and it's my personal opinion that we should retain those features of that incentive program.

However, I must go on record with a personal endorsement of Congressman Montgomery's bill H.R. 3997, which in essence includes us in a GI or an educational assistance type bill. If that bill is passed, then we should decrement our incentive program by the educational part of that program and let Congressman Montgomery's bill then take its place.

Senator **Cranston**. Thank you.

Admiral **Vaughn**. Sid Vaughn from the Coast Guard. I would also like to endorse Congressman Montgomery's H.R. 3997. I think that takes into account all of the issues that I talked about in my initial statement. Thank you.

Admiral **Johnson**. Mr. Chairman, unfortunately, no single bill under consideration by this committee contains all the provisions for the educational assistance program for the selected Reserve that will best meet the desired objectives of increasing quality and improving retention while avoiding being overly competitive with proposed active duty programs.

In general, an education assistance program for the selected Reserve should be, I think, an entitlement at a rate reasonably less than for active duty. It should be available after a qualifying period of service with payments made concurrently with continued satisfactory participation.

It should be available to all members including those who are not obligated to perform active duty, and it should terminate immediately upon unsatisfactory participation with recoupment of payments already made.

General CRIST. Mr. Chairman, in my view, educational assistance for the Reserves has to be approached in the context of recruiting and retention.

The Reserve educational assistance program which was authorized by Congress in 1977 has demonstrated that it can induce a growing number of non-prior-service individuals to join the Marine Corps Reserve.

For example, in fiscal year 1980, 66 percent of the bonuses offered were utilized. This fiscal year, the number of Marines who enlisted for the educational assistance program has risen 24 fold to the point where the allocation is oversubscribed by 125 percent.

With a successful Reserve educational assistance program in being, the question naturally arises: Why fix something that isn't broken? The situation with the Active Forces is not analogous. The Vietnam-era GI bill was terminated in 1977, and the restoration of some form of educational assistance is just recognition for a 3- or 4-year commitment to serve on active duty while at the same time providing the services with a strong incentive to influence quality individuals to volunteer for military duty.

But this perceived need for the Active Forces, however, does not in itself mandate the inclusion of a Reserve provision in the same piece of legislation. The purpose, historical precedent and condition of service are entirely different. Historically, the GI bill has been reserved for young men and women who are willing to commit up to 2, 3, or 4 years of their lives to service on active duty. This is proper recognition for personal sacrifice.

On the other hand, the Reserve is only required to serve 38 days a year on active and inactive duty. This commitment, while certainly significant, is neither directly proportionate to that of the active Marine nor is it motivated by the same career perceptions.

Ideally then, separate legislation should be drafted for the Active Forces, designed specifically to satisfy their needs.

The same principle applies to fulfilling the unique requirements of the Reserve forces. A separate approach to legislation is consistent with the traditional pattern of discrete legislation which Congress has always followed in dealing with dissimilarities between the two components.

Reserve educational assistance legislation is in being, and this is not the case for the active side. It would seem therefore, to be logical to direct the effort toward the enactment of viable legislation for the benefit of the Active Forces without diffusing the focus to consideration of Reserve entitlements in the same legislation.

Senator CRANSTON. Thank you, each, very much. If any of you wish to expand upon your replies in writing for the record to that question or to others that I asked, that would be fine.

Would proposals, such as the one embodied in the measure I introduced as S. 417, that tie eligibility for educational incentives to some combination of active duty service and completion of a Reserve requirement help to enhance your recruitment efforts? Anybody want to take that up?

General **Crist**. Yes, sir, I will take it up, at least initially.

Mr. Chairman, approximately 76 percent of the Marine Corps Reserve are nonprior service and we enlist at about that rate; at about 70 percent nonprior service to 30-percent prior service. Therefore, an active duty service incentive would benefit only roughly 24 percent of our force.

The primary thrust is to attract in non-prior-service personnel into the Reserve who have the kinds of skills that we are seeking. So active duty provisions while benefiting the selected Reserve tangentially, would not provide a direct inducement for nonservice-enlistments.

Senator **Cranston**. This was really a suggestion—that where there is active duty, should there be a Reserve component attached to it as a criterion for eligibility. Are there any other comments?

General **Berkman**. Mr. Chairman, that kind of a provision would assist in providing prior service individuals into the reserve, but in the case of the Army Reserve, as in the case with the Marine Corps Reserve, non-prior-service personnel; individuals who do not wish to, or elect to, have a period of prior active service are also very important elements of our recruiting.

Consequently, the basis of my statement that a program to provide assistance along the lines of that which currently exists for eligible personnel in all units in a mix that provides educational assistance as well as the other incentives is very important in attracting non-prior-service personnel into the Army Reserve.

Senator **Cranston**. Would an increased ability to attract people with prior service be helpful?

General **Walker**. Say that question again, please, sir.

Senator **Cranston**. Would an increased ability to attract people, increased incentives to attract people, that have prior service be helpful in terms of attracting people to the reserves?

General **Walker**. Speaking for the National Guard, we have doubts as to how many prior service people this particular concept of 2 years active duty and 4 years in Reserve components will actually attract to the Guard.

Senator **Cranston**. Do you see any potential conflict between proposals that encourage individuals to stay on active duty for long periods of time such as 10 or 12 years in order to establish eligibility for transfer of benefits to dependents and the need to meet your Reserve recruiting goals; or are we dealing with two relatively distinct groups of individuals with different career objectives and different desires in terms of benefits they hope to earn as a result of service?

General **Walker**. In the Guard's opinion, sir, the provision of transferability, where a man must serve 10 years before he is eligible for transferability, we believe that very few of these people will come to the Guard because with 10 years active service, he has completed all of his obligation. He has earned his total educational assistance entitlement.

So really we don't see transferability as an incentive for attracting them to the Guard.

General **Berkman**. And I agree with the latter example, Mr. Chairman; that we are dealing with two distinct groups of individuals, I don't foresee an adverse kind of impact.

Senator **Cranston**. Any other comments?

With respect to the impact of the student loan forgiveness program that Rear Admiral Palmer cited in his testimony, do any of you know whether the administration, in formulating its plans to, as a budget cutting measure, curtail accessibility of the loans themselves, took into account the impact that curtailment would have on the effect of your test program? Would you look into that and respond in writing?

What do you believe the impact might be of this curtailment of educational loans on your test program? Will it adversely affect your recruitment efforts in your opinion?

General **Walker**. Sir, in my opinion, the loan forgiveness program is a good program; yes, we agree with it. But that program has only been fielded since March. I can't give you any of the test results.

But we believe there is high potential for real success in this program and we believe it will be beneficial to us.

Senator **Cranston**. In light of the experiences that we have had with the current Vietnam-era GI bill, the chapter 32 VEAP authority and the preliminary results of the first VEAP kicker test conducted by the Army, what specific questions do you believe can be answered by the results of the tests and what specific things do you believe we will learn from it that we don't know now?

General **Walker**. I will submit that for the record.

General **Crist**. Senator, as you are aware, that particular test is in effect only on the active side of the house. So the Marine Corps Reserve, is not directly participating.

But, I would reiterate that chapter 106 of title 10, United States Code, as now written, fully satisfies the most pressing requirement of the Reserves, That is to encourage enlistments in units of the Selected Reserve. The only problem with this piece of legislation in the past has simply been that the dollar benefits didn't keep pace with the inflation and the competitive programs offered by the Department of Education. This has been readdressed.

So at the moment, sir, the educational assistance program which applies to the Reserves is working as long as those entitlements are maintained at a competitive dollar level.

General **Berkman**. Mr. Chairman, I agree with General Crist with one caveat, and that is as I mentioned in my earlier answer; the current educational assistance program and the other incentives that are available for Reserve component service in the case of the Army Reserve are not applicable to eligible individuals in all units. They are now directed toward high priority units and certain critical skills. My personal opinion is that it would be desirable to expand and extend these incentives to eligible individuals in all Reserve units.

Senator **Cranston**. I take it you are in general agreement on that point?

Admiral **Johnson**. I am, sir.

Senator **Cranston**. I would like to ask for your recommendations with respect to one provision of my bill S. 417. As you may know, under that measure an individual would obtain eligibility for the basic educational assistance program by completing 3 years active duty or by completing 2 years active duty and making a 4-year Reserve commitment. Eligibility for the supplemental program could, under one alternative, be achieved by completing a fourth year of active duty and making a 4-year Reserve commitment.

In drafting that provision, we identified one problem in terms of administering this benefit; that is, it is quite simple to determine whether or not an individual meets the active duty requirement. But since educational benefits may be used upon discharge from active duty, there may be a problem with respect to insuring that a commitment upon which benefits are awarded is fully carried out.

My proposal would address this problem by providing that educational assistance would be suspended in the case of an individual who fails to serve satisfactorily in the Reserve. Educational assistance would be reinstated upon receipt of a certification from the Secretary concerned that such veteran is serving satisfactorily in the Reserve.

Do you believe that that is a satisfactory approach to this problem?

General **Walker**. Mr. Chairman, this is a problem and certainly a young man should be required in my judgment to perform this commitment. That sounds like that would do it; yes, sir.

Senator **Cranston**. Any negative reactions or is that generally——

Admiral **Vaughn**. Just one comment. There are several of us that have nothing less than a 4-year enlistment. So it is kind of a moot point for some of us.

Senator **Cranston**. Yes. If you have any further suggestions in that regard, if you could submit them for the record, I would appreciate it.

General Walker, is the incentives program for the National Guard identical to that conducted by the Reserves?

General **Walker**. Yes, sir.

Senator **Cranston**. Would you please submit for the record a description of the elements of the National Guard's program?

General **Walker**. Yes, sir.

Senator **Cranston**. Thank you. I think it would be helpful if you could include in your response for the record an explanation as to what the responsibilities of the Guard are as compared to the responsibilities of the Reserves and how these two components of our national defense differ.

General **Walker**. Fine. We certainly will.

[Subsequently, the Department of Defense submitted the following information:]

The Selected Reserve Incentive Program (SRIP) provides monetary incentives to eligible personnel for enlistments or reenlistments in specific critical skills or authorized position vacancies in early deploying units of the Army National Guard and U.S. Army Reserve. Of the five types of incentive programs within the SRIP, only two can be defined as specific educational assistance incentives. These are the nonprior service (NPS) Educational Assistance Bonus and the recently implemented Loan Forgiveness Program (Loan Repayment Program).

The NPS Educational Assistance Bonus provides a maximum entitlement of $4,000 in the form of reimbursement for actual education expenses incurred by the bonus receipient. To qualify for this program, an individual must not have served in any previous capacity of the Active or Reserve Components of the Armed Forces, must meet physical standards, be a high school diploma graduate, and achieve a mental category evaluation of I through III. Additionally, the bonus candidate must elect to serve a minimum 6-year enlistsments in a critical military occupational specialty (MOS) or a position vacancy in an early deploying unit of the Army National Guard or U.S. Army Reserve. Bonus candidates cannot realize benefits after qualifying for enlistment until all qualification training requirements are met for award of the critical MOS or position vacancy MOS for which the individual enlisted and the individual has incurred actual expenses as an enrolled student at a degree awarding institution. Once this criteria is met, payments may commence at a rate of $1,000 maximum per year as reimbursement of actual educational expenses, or payments may be spread over the 6-year enlistment until the maximum entitlement of $4,000 in reimbursements are achieved. If, after qualifying for entitlements under this program, the individual fails to meet performance and training attendance criteria, benefits are withheld and recoupment action initiated.

The Loan Forgiveness Program, officially titled the Loan Repayment Program, is available for personnel who enlist, reenlist, or extend their enlistment for an authorized position vacancy in the active Army National Guard or U.S. Army Reserve. To qualify, an individual may be serving in, or select to serve in any MOS other than a restricted few MOS codes which are precluded from this program. Additionally, the individual must be a high school diploma graduate, achieve a score in the upper 50 percent of the Armed Forces Qualification Test (AFQT), and not be enlisting/reenlisting to be a Guard technician or for active duty for training over 90 days.

The Loan Repayment Program applies only to Guaranteed Student Loans (GSL) or National Direct Student Loans (NDSL) made after 1 October 1975. However, these eligible loans may be made before and/or after the qualified enlistment period. The qualifying individual may combine benefits under the Loan Repayment Program with all other bonus programs under the SRIP, except the Inactive National Guard (ING) or Individual Ready Reserve (IRR) bonus programs. When combining bonus programs, the individual must meet the requirements of both programs.

Payments made under this program provide for repayment of the qualifying loan(s) at the rate of 15 percent of the total loan balance, or $500, whichever is greater, for each year of satisfactory service. Loan repayments are made at the end of each satisfactory year based on the date of the loan(s) or date of enlistment, whichever is later.

An individual qualifying for this program may be terminated from future participation and loan repayments if he/she fails to meet satisfactory performance and attendance criteria, accepts a permanent technician position, voluntarily accepts or transfers into an ineligible MOS, or accepts a commission as an officer in the Army National Guard or U.S. Army Reserve.

The Loan Repayment Program was initiated in the middle of the current fiscal year as a test program. Due to its late start, advertising campaigns have not progressed to the desirable degree. It is felt, however, that this program has high potential for future success and both the Army National Guard and U.S. Army Reserve support continuation of this program beyond its current termination date of 30 September 1981. If, however, there is a serious curtailment in the eligible loan programs by the Congress, there will be an impact on the Loan Repayment Program. Neither the Guard or Reserve can evaluate the extent of such impact based on limited experience in the Loan Repayment Program.

The responsibilities of the services in administering SRIP are specified in implementing instructions from the Office of the Secretary of Defense, which prescribes education levels, enlistment periods, mental test categories, MOS position vacancy criteria, and training qualification requirements applicable to all services. Program responsibility for SRIP lies with the Deputy Chief of Staff for Personnel, in coordination with the Chief, National Guard Bureau and Chief, U.S. Army Reserve. Overall guidance on the conduct of SRIP is provided by the Secretary of the Army. The SRIP for the Army National Guard is administered by the Chief, National Guard Bureau, and the State Adjutants General of the 54 States and territories, based on guidance from the Secretary of the Army. Designation of unit positions for bonus eligibility are determined by Resource Priority Listings which provide priority for personnel and material fill to those units designated to deploy early in the mobilization cycle in the event of war or national emergency. Determination of qualifying critical skills is made by the Secretary of the Army based on information provided by the Army Staff. Skill selections are then provided to the Office of the Secretary of Defense.

Responsibilities of the individual enlisting or reenlisting under the SRIP are identical for the services. All services are governed by congressional and Office of the Secretary of Defense restrictions outlined above, including suspension, termination, and recoupment actions applicable to individuals failing to meet performance standards.

Senator CRANSTON. I have no further questions. However, I want to repeat: If you want to add anything in writing in response to these questions or on any other point that you feel relevant, please do so. Thank you very much for your cooperation.

General WALKER. Thank you, Mr. Chairman.

Senator CRANSTON. We now have a panel of representatives of veterans' organizations. Would you please proceed in whatever order you would like to work out among yourselves and give your testimony before we move to questions?

TESTIMONY OF A PANEL OF REPRESENTATIVES OF VETERANS' ORGANIZATIONS: PHILIP R. MAYO, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; STEPHEN L. EDMISTON, ADMINISTRATIVE ASSISTANT, DISABLED AMERICAN VETERANS; E. PHILIP RIGGIN, DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION, ACCOMPANIED BY G. MICHAEL SCHLEE, DIRECTOR, NATIONAL SECURITY-FOREIGN RELATIONS DIVISION; GORDON H. MANSFIELD, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA; AND GABRIEL P. BRINSKY, NATIONAL SERVICE AND LEGISLATIVE DIRECTOR, AMVETS

Mr. MAYO. Mr. Chairman, I have a very short statement to present. We appreciate the opportunity to testify today on behalf of this concept of an educational or GI bill for our All-Volunteer Forces.

Senator CRANSTON. Would you identify yourself for the record?

Mr. MAYO. Yes. I am Phil Mayo, National Legislative Service, Veterans of Foreign Wars.

Mr. Chairman, it is well known that previous GI bills have been greatly beneficial to veterans, and we don't have any reason to believe that the measures currently under consideration would be any different. We believe, however, that the measure advanced should not be so complex that recruiters cannot promote it with conviction and that potential recipients of benefits under the program would not be able to understand exactly what commitments are being made to them.

We believe that the benefits ascribed under such a plan should be fully funded through the Department of Defense with the VA supplying only the personnel and their cost to administer the program; that those currently enrolled in the VEAP program and those service members who have eligibility remaining under the current Vietnam-era GI bill who have remained in service be accorded the opportunity to participate in the new program; that the thrust of the legislation be aimed primarily toward the use of the benefits by the service member or veteran himself; and that the Reserves and National Guard be afforded some opportunity to participate in the plan to some degree.

Thank you, Mr. Chairman.

Senator **Cranston**. Thank you very much.

[The prepared statement of Philip R. Mayo, special assistant, National Legislative Service, Veterans of Foreign Wars, follows:]

VFW
VETERANS OF FOREIGN WARS OF THE UNITED STATES
NATIONAL LEGISLATIVE SERVICE
Office of Director

PREPARED STATEMENT OF

PHILIP R. MAYO, SPECIAL ASSISTANT
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

WITH RESPECT TO

LEGISLATION RELATIVE TO PROVIDING FOR EDUCATIONAL INCENTIVES TO
ENHANCE RECRUITMENT AND RETENTION OF PERSONNEL FOR THE ALL VOLUNTEER FORCE

WASHINGTON, D. C. JULY 23, 1981

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to present the views of the Veterans of Foreign Wars of the United States with respect to providing for educational incentives to enhance recruitment and retention of personnel for the all volunteer force.

Mr. Chairman, the VFW recognizes the undeniable need of the Armed Forces to attract and retain the necessary number of qualified personnel into service. The desire to maintain an all volunteer force makes meeting manpower requirements more difficult, particularly when military service and life is viewed with some disfavor, as is currently the case. Therefore, the offering of generous educational benefit incentives for recruitment purposes may be considered a viable means to increase enlistments into the military, and may also help resolve the very pressing problem of retaining a sufficient number of qualified enlisted personnel in a career status. It is becoming increasingly apparent that the educational benefits package as provided for in Public Law 94-502, the Post-Vietnam Era Veterans Educational Assistance Program (VEAP), is not attracting either the quality or quantity of enlisted personnel into the military that are necessary to accomplishing its mission--with the A

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according to the Department of Defense's (DOD) estimates, still short of its authorized peacetime strength. It also appears that the pay/benefits package currently in place for military personnel may not be sufficient to retain those who are already in service, with the attrition rate in the Army, again according to DOD, still at a high level; with the Air Force recently falling short of its recruiting goals for the first time; and with the Navy forced to retain ships in port due to the lack of qualified personnel to man them.

Many acknowledge that some form of educational incentives may provide the needed impetus for increasing the flow of more personnel into our military and to retaining a reasonable number of those personnel in a career status. The fact that educational benefits have aided veterans of previous conflicts is undisputed, with the utilization rate for such benefits for veterans ranging from approximately 42 percent for the Korean GI Bill to approximately 60 percent for the Vietnam Era GI Bill; with those benefits contributing substantially to higher tax revenues for our state and federal governments, and to better employment opportunities for our nation's veterans. It is reasonable to conclude, therefore, that similar benefits might accrue to those who receive educational incentives as a result of their service in our all volunteer force, both in terms of advancement in the military, or in greater opportunities in civilian pursuits.

On the other hand, Mr. Chairman, others have indicated that the monetary cost of the all volunteer force is too prohibitive and is not keeping pace with the rate of escalation in the pay/benefits package offered in the private sector; that the military is becoming the employer of last resorts; that recruitment stresses have brought more economically distressed people into the military ranks; that the military forces are undermanned, undertrained, and underqualified; that the services are competing one against the other in an effort to recruit highly qualified enlistees from an ever decreasing pool of eligibles; and that the only manner in which these problems can be resolved is by the return to an equitable draft.

As you know, Mr. Chairman, the VFW has historically supported the awarding of veterans' benefits predicated upon honorable service in the Armed Forces of the United States during periods of war and hostility; that to award such benefits based upon peacetime service would ultimately lead to the dissolution of veterans' benefits. The voting delegates to our most recent National Convention, held in Chicago, Illinois, this past August, in reaffirming this position, passed Resolution No. 697, entitled "Oppose Curtailment or Elimination of Earned Veteran Benefits and Privileges," a copy of which is appended hereto. In addition, the VFW has historically opposed the removal of veterans programs from the control of the VA. The delegates to our Convention also reaffirmed this position by adopting Resolution No. 611, entitled "Government Reorganization," a copy of which is also appended hereto.

We also must consider, Mr. Chairman, that the possibility of a return to conscription of personnel for our Armed Forces is a real one. By authorizing veterans educational benefits to be passed on to dependents, in order to induce personnel to remain in our Armed Forces, as many of the proposals on this matter do, a precedent may well be established for providing similar benefits to the dependents of those who may be conscripted. Also, the awarding of such benefits may not ultimately enhance the attaining of recruiting goals by the Armed Forces. By educating those who are part of the pool of eligibles, that pool would be numerically diminished, thereby reducing the incentive to enter military service in order to obtain such benefits. Consequently, such a provision in this program may prove to be a self-defeating one.

Accordingly, Mr. Chairman, the VFW is supportive of the concept of instituting an educational benefits program for the purposes of recruitment and retention of personnel for our Armed Forces. Continued congressional resolve in supporting the concept of the all volunteer force requires that the means to make such a plan work be implemented and not denied. We believe this commitment to the all volunteer force requires that an educational incentive program be implemented, and such a plan should embody a number of concepts. They are:

1. that the benefits ascribed to the plan should be fully funded through the Department of Defense, with the VA supplying only the personnel (including their cost) to administer the program;
2. that those currently enrolled in the VEAP program and those service members who have eligibility under the Vietnam Era GI Bill who have remained in service be accorded the opportunity to participate in the new program;
3. that the thrust of such legislation be aimed primarily toward the use of the benefits by the veteran himself; and,
4. that the Reserves and National Guard be afforded the opportunity to become eligible, to some degree, for benefits under such a program.

Mr. Chairman, this concludes my testimony and I would be happy to respond to questions you may have at this time.

Resolution No. 697

OPPOSE CURTAILMENT OR ELIMINATION OF EARNED VETERAN BENEFITS AND PRIVILEGES

WHEREAS, there is a growing trend toward reduction of the earned benefits and entitlements of veterans, their spouses, dependents and survivors which were explicitly promised or provided by law or regulation in recognition of the hardships and dangers of service life; and

WHEREAS, the erosion of the earned benefits and entitlements are detrimental to the morale of veterans, active, reserve and retired; and

WHEREAS, the continued erosion and reduction of earned benefits and entitlements will adversely affect maintaining an effective and efficient military force needed for the security of the United States; now, therefore

BE IT RESOLVED, by the 81st National Convention of the Veterans of Foreign Wars of the United States, that we oppose all efforts by any individual, group, organization, government office, bureau or agency, or the United States Congress, to discriminate against a veteran, discharged under honorable conditions, or to eliminate or curtail in any manner their earned benefits or privileges.

Adopted by the 81st National Convention of the Veterans of Foreign Wars of the United States held in Chicago, Illinois, August 15-21, 1980.

Resolution No. 611

GOVERNMENT REORGANIZATION

WHEREAS, Public Law 95-17, the Reorganization Act of 1977, grants the President of the United States authority to revamp Executive Branch agencies below cabinet level, subject to veto by either House of Congress within 60 days; and

WHEREAS, when the President was Governor of the State of Georgia, he attempted to combine the Georgia State Department of Veterans Service with Human Resources; and

WHEREAS, the Veterans of Foreign Wars has historically opposed the splintering of veterans' benefits and programs by other departments and agencies; now, therefore

BE IT RESOLVED, by the 81st National Convention of the Veterans of Foreign Wars of the United States, that we oppose any proposed Presidential reorganization or other plan which would abolish all, or part of the functions of the Veterans Administration, or its programs; consolidate all, or part, of the Veterans Administration and its programs with any other agency; or, change the name of the Veterans Administration or downgrade the title of the Administrator; or, which would, in any way, dismember the integrity of the programs administered by the Veterans Administration.

Adopted by the 81st National Convention of the Veterans of Foreign Wars of the United States held in Chicago, Illinois, August 15-21, 1980.

Resolution No. 611

Senator **Cranston**. Who would like to be next?

Mr. **Edmiston**. Good morning. I am Steve Edmiston. I am with the Disabled American Veterans. We appreciate the opportunity to be here to comment on the educational proposals before the committee.

Just briefly, Mr. Chairman, I would like to state that the DAV does not view the pending bills in the context of legislative proposals that are traditionally the purview of this committee. That is, these bills do not represent in our view proposals for new or improved programs of educational readjustment benefits designed to meet the needs of veterans who have set aside or temporarily postponed higher educational pursuits because of their active military service obligations.

Without a doubt, the fundamental purpose of the proposals before the committee today is to assist in the recruitment and retention of members in the All-Volunteer Force. Our position, Mr. Chairman, simply put is that we do not object to innovative approaches to improving and strengthening the all-volunteer force through educational assistance programs.

Nor would we object to the VA administering these programs so long as the Department of Defense maintained responsibility for bearing the costs of all entitlements.

Thank you, sir.

Senator **Cranston**. Thank you very much.

[The prepared statement of Stephen L. Edmiston, administrative assistant, Disabled American Veterans, follows:]

PREPARED STATEMENT OF STEPHEN L. EDMISTON, ADMINISTRATIVE ASSISTANT, DISABLED AMERICAN VETERANS

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the more than 698,000 members of the Disabled American Veterans, I wish to thank you and the members of the Committee for providing us this opportunity to express our views on the various bills presently pending before the Committee. These bills propose to establish a new program of educational benefits for peacetime veterans and to amend provisions within Title 38, U.S. Code regarding current education benefits.

At the outset, Mr. Chairman, the DAV would like to take this opportunity to express our sincere appreciation for the efforts of this Committee which precipitated the enactment of Public Law 96-466, the Veterans Rehabilitation and Education Amendments of 1980. After more than 30 years, the educational program designed to meet the needs of service-connected disabled veterans has finally been improved and modernized, and for this, the DAV is most grateful.

As you know, the DAV membership is composed of honorably discharged veterans who were wounded, injured or otherwise disabled in the wartime service of their country. Therefore, it follows that our organization is primarily concerned with veterans' educational benefits provided by the Vocational Rehabilitation Program under Chapter 31 and the Survivors' and Dependents' Educational Assistance Program provided under Chapter 35 of Title 38, U.S. Code.

Though our organization was founded on the principle that, in terms of veterans' benefits and services, this nation's first obligation rests with the rehabilitation of its service-connected wartime disabled, the DAV is also concerned with those federal programs which have been designed to enhance the educational opportunities of veterans in general.

Additionally, due to the purpose of the legislative proposals pending before the Committee today, I wish to stress that the DAV endorses and supports a strong national defense to insure that the United States Armed Forces are second to none.

S. 5

Introduced by Senator Warner on January 5, 1981, S. 5

proposes to add a new Chapter 33--Armed Forces Educational Assistance Program--to Title 38, U.S. Code.

The proposed legislation sets forth as its purpose to provide an improved educational assistance program to exact honorable military service, increase recruitment and retention and enhance the quality of the military force

As proposed, S. 5 could provide up to a maximum of 36 months of educational assistance to certain eligible veterans who complete 72 months active military service and lesser periods of educational assistance for those who complete fewer months of active military service combined with service in the Ready Reserve.

Additionally, the bill would provide a servicemember, with 16 years of active service, the option of transferring his entitlement to his spouse or children.

S. 5, as proposed, would provide the eligible veteran or dependent with a $300 monthly subsistence allowance plus pay tuition and fees or $1,500, whichever is less.

If enacted, entitlements and administrative costs created by S. 5 would be assumed by the Veterans Administration.

S. 7

This proposal, introduced by Senator Thurmond on January 5, 1981, seeks to amend Title 38, U.S. Code by adding a new Chapter 33--Veterans' and Servicemembers' Educational Benefits Program.

As set forth in the bill, "The purpose of this Chapter is to recognize that a program of educational benefits provided to veterans and active duty personnel fulfills our nation's commitment to reward honorable service and provides for qualified military personnel."

S. 7 proposes to provide one and one half months educational assistance for each month of active duty completed and, also, provide the same educational assistance to those individuals who complete four or more years of satisfactory service in the Selected Reserves.

The maximum educational assistance provided for in the bill is 36 months, with the individual who gains eligibility through active military service receiving $400 per month in subsistence allowances and the individual who gains eligibility from Selected Reserve service receiving half that amount.

Additionally, the bill also provides for the transfer of educational assistance benefits to the spouse or child of a servicemember who has completed eight years of military service.

If enacted, S. 7 would require VA appropriations to cover the entitlements and costs created by the bill.

S. 25

S. 25, introduced by Senator Armstrong on January 5, 1981, seeks, through appropriate amendment to Title 38, U.S. Code, to establish a new Chapter 29--Peacetime Veterans' Educational Assistance Program--and a new Chapter 30--Career Servicepersons' Educational Assistance Program.

The new proposed Chapter 29 would provide certain eligible veterans a maximum of 36 months educational assistance to include payment of tuition and fees or $2,500, whichever is less and $250 a month subsistence allowance.

The proposed Chapter 30 would establish a new contributory-matching educational fund program for servicemembers with more than six years active military service.

This proposal provides for a $2 for $1 matching program that would enable the servicemember to contribute up to a maximum of $12,000. The servicemember can utilize these benefits up to a maximum of 36 equal monthly payments or transfer his/her entitlement to his/her spouse or children.

Appropriations for the entitlements created by S. 25 would be the responsibility of the Department of Defense, while the VA would administer the program.

S. 26

Introduced by Senator Pressler on January 5, 1981, S. 26 proposes, among other things, to add a new Chapter 33--Post-Vietnam Recruitment, Retention, and Readjustment Assistance--to Title 38, U.S. Code.

The proposed legislation sets forth as its purpose--to provide for qualified military personnel and reward such personnel for honorable service with educational assistance benefits.

As proposed, S. 26 would provide one month of educational benefits for each month of active military service up to a maximum of 45 months of educational benefits. Also, members of the Selected Reserve who serve four or more years can receive one and one half months educational assistance benefits for each month of active duty and one month educational assistance for every two months of service in the Selected Reserve, up to a maximum of 36 months of educational benefits.

Both active duty and Selected Reserve members would receive the current subsistence allowances provided for in Chapter 34, Title 38, U.S. Code.

Vietnam era veterans who may have used educational benefits under the current Chapter 31 or 34 programs and who gain eligibility under this proposed program may also use these newly acquired educational benefits, so long as the combined total does not exceed 64 months.

The bill also proposes to permit eligible servicemembers with eight or more years active service to transfer their educational entitlement to their spouse or children.

If enacted, entitlements and administrative costs created by S. 26 would be assumed by the Veterans Administration.

S. 48

This proposal, introduced by Senator Cohen on January 6, 1981, seeks to amend Title 10, U.S. Code, by adding a new Chapter 107--Armed Forces Earned Educational Assistance Program.

As set forth in the bill--"The purpose of this Chapter is to demonstrate that educational benefits provided as inducement will exact honorable service among Armed Forces enlistees, and that this inducement will reduce first term attrition among volunteers and foster retention in both the regular and reserve components of the Armed Forces."

S. 48, as proposed, seeks to provide educational assistance benefits to members of the Armed Forces at levels that vary, based upon the servicemember's military skill specialty. For example, a servicemember in a critical military specialty can earn educational benefits faster than a servicemember in a non-critical career specialty. However, both can earn up to a maximum of 36 months of educational benefits and receive the current Chapter 34 subsistence allowance rates.

While the Veterans Administration would administer the program proposed by S. 48, the Department of Defense would be responsible for the costs and entitlements created by the bill.

S. 248

S. 248, introduced by Senator Warner on January 23, 1981, seeks, through appropriate amendment to Chapter 34, Title 38, U.S. Code, to extend, in the case of certain career servicemembers who have established eligibility for Chapter 34 GI Bill benefits, the period within which such individuals may use their eligibility to these educational benefits.

S. 417

Introduced by Senator Cranston, Ranking Minority Member of this distinguished Committee, on February 5, 1981, S. 417, proposes, among other things, to add a new Chapter 30--All-Volunteer Force Educational Assistance--to Title 38, U.S. Code.

This legislation, as set forth in its statement of purpose, proposes--"(1) to promote and assist the All-Volunteer Force Program of the United States by establishing an improved program of educational assistance for those men and women who enter active duty in the Armed Forces after June 30, 1981, to help in the recruitment and retention of well qualified men and women, and (2) to provide those men and women with assistance in obtaining an education that they might not otherwise be able to afford."

As proposed, S. 417 would establish two levels of educational assistance to which eligible veterans may become entitled. The first level of benefits--Basic Educational Assistance--would provide a maximum of $9,000 in educational assistance to an individual who, after June 30, 1981, serves three or more years active service, or 2 or more years active service and agrees to four years service in the Ready Reserve, or has served three or more years after June 30, 1981 and remains on active duty.

The second level of benefits--Supplemental Educational Assistance--can provide up to a maximum of $13,500 in educational benefits to an individual who has a high school diploma or its equivalent, and who, has six or more years active service after June 30, 1981, or served six more years and remains on active duty, or has served four or more years on active duty and agrees to serve in the Ready Reserve for four or more years.

Additionally, this legislation gives the Secretary of Defense the authority, if he deems it necessary, to enable certain specific categories of military personnel to transfer all or part of their educational benefits to one or more dependents.

Appropriations to cover the Basic Educational Assistance utilized by an eligible veteran would be borne by the Veterans Administration, while the Supplemental Educational Assistance and Basic Educational Assistance (for dependents only) would be the responsibility of the Department of Defense.

Other sections (Sections 3, 4, 5, and 6) of S. 417 provide appropriate technical amendments to Title 38, U.S. Code, as well as, effectively provide for the termination of the Chapter 32 (VEAP) Program.

Section 7 of the bill proposes to amend Section 1662 of Title 38, U.S. Code, to extend, in the case of certain career servicemembers who have acquired eligibility for Chapter 34 GI Bill educational benefits, the period within which such individuals may use their eligibility to these benefits.

Mr. Chairman, this provision of S. 417 would be a liberalization of current law that would not only benefit the individuals concerned, but also the military services. The DAV views this proposal as a very positive incentive for active duty career personnel to complete their military careers with no fear of losing these benefits.

Earlier this year, Mr. Chairman, numerous military witnesses testified before the House Veterans Affairs Subcommittee on Education, Training and Employment about the urgent need for such a liberalization due to the large numbers of personnel who have decided to leave the military service rather than lose these educational benefits.

Mr. Chairman, the DAV urges favorable consideration by this Committee of Section 7 of S. 417.

S. 742

S. 742, introduced by Senator Cohen on March 19, 1981, seeks, through appropriate amendment to Title 38, U.S. Code, to establish a new Chapter 29--Armed Forces Earned Educational Assistance Program--and a new Chapter 30--Career Members' Dependents Educational Assistance Program.

As proposed, S. 742 is very similar to S. 25 which I addressed earlier in my testimony. Briefly, S. 742 provides for a basic earned educational assistance program to exact honorable service in both the regular and reserve components of the Armed Forces.

Additionally, like S. 25, S. 742 would also establish a new contributory-matching fund program for servicemembers with more than six years active military service.

While the specific individual benefits provided by S. 25 and S. 742 do vary, the basic premise is the same in both bills. However, appropriations for the earned educational benefits would be the responsibility of the Veterans Administration, while the contributory-matching fund appropriations would be the responsibility of the Department of Defense.

S. 899

Introduced by Senator Hollings on April 7, 1981, S. 899 proposes to add a new Chapter 44--Veterans Educational Assistance for Military Service--to Title 38, U.S. Code.

The proposed legislation sets forth as its purpose--"to provide a meaningful benefit to persons who faithfully and honorably serve in the military service of the United States and also to encourage and assist the self-improvement of such persons by supplementing costs of education through periodic payments to such persons who participate in approved programs of education."

Like S. 7, S. 899 proposes to provide educational assistance benefits for both honorable active and reserve service, as well as, authority to transfer educational entitlements to the servicemember's dependents.

Also, S. 899 would require the VA to pick up the tab on most of the appropriations needed, should the bill be enacted.

H.R. 1400

As you know, Mr. Chairman, H.R. 1400 was recently reported out of the House Veterans Affairs Committee and referred to the House Armed Services Committee.

H.R. 1400, as reported, provides for many of the same educational assistance benefits contained in many of the proposals before this Committee today.

For example, H.R. 1400 provides two levels of educational assistance--Basic and Supplemental, as well as, transferability to the servicemember's dependents.

Therefore, Mr. Chairman, we would recommend that this Committee also give consideration to this proposal, together with the other pending bills.

* * *

Mr. Chairman, the DAV does not view these bills in the context of veterans' legislative proposals that are traditionally the purview of this Committee. That is, these bills do not represent proposals for new or improved programs of educational readjustment benefits designed to meet the needs of veterans who have set aside or temporarily postponed higher educational pursuits because of their active military service obligations.

Without a doubt, the fundamental purpose of these proposals is not to assist veterans in their efforts to regain their educational pursuits and become productive members of society, as did the educational programs following World War II, Korea and Vietnam.

Without question, Mr. Chairman, we all recognize the pending legislation as proposals which are designed and intended as recruitment and retention incentives for the All Volunteer Military Force.

It is no secret that the all volunteer force is in serious trouble, that it has fallen short of its recruiting goals and has had great difficulty in attracting and retaining high quality enlistees.

We are pleased to note that most of the proposals enable a servicemember who is discharged early (prior to completing the requisite service) by reason of a service-connected disability to retain basic entitlement and eligibility to the proposed educational assistance benefits.

Since the various legislative proposals before the Committee today would provide the Department of Defense with a needed recruitment and retention device, the DAV has no quarrels with such Congressional efforts to improve our military forces. However, we do object, as proposed in most of these bills to the Veterans Administration "picking up the tab" for even a portion of a DOD recruitment and retention program.

As you know, Mr. Chairman, the Veterans Administration has been in the business of administering educational programs to this nation's veterans for more than 30 years. Without a doubt, the VA has the experience and expertise in administering such programs. Therefore, the DAV would not object to the VA administering such a program, so long as the Department of Defense is responsible for all the necessary funding for entitlements.

Mr. Chairman, the DAV does have some reservations regarding the potential effectiveness of the programs proposed by these bills. That is, we question whether or not these programs will produce the desired results in terms of attracting and retaining high quality personnel in the active forces, Selected Reserves and the Individual Ready Reserve.

Our reason for raising this concern primarily rests with the fact that, today, college age students can obtain federally insured, subsidized loans regardless of family income. Federally insured loans for college educations without any accompanying obligation for military service would appear to be far more attractive to today's young people than the programs proposed by the pending legislation.

However, we do understand that the FY 82 budget has provisions to change the federal loan formula, as well as, tighten the requirements for Basic Educational Opportunity

Grants (BEOG). *If* the budget provisions become reality, then the programs proposed by the pending legislation may become more attractive to a greater cross section of American youth.

Also, we do wonder if it would not be more advantageous to await the results of the pilot program of educational assistance authorized by the Department of Defense Authorization Act of 1981 (P.L. 96-342), as requested by the Administration.

Since this program has only been in existence nine months, enactment of another military recruitment and retention educational assistance program may be somewhat premature and counterproductive. This may be particularly true in light of the Administration's proposal to extend Chapter 32 benefits (VEAP) one more year until they are able to review and evaluate both the test program and (VEAP).

In closing, Mr. Chairman, I wish to reiterate that the Disabled American Veterans does not object to innovative approaches to improving and strengthening the All Volunteer Force through educational assistance programs. Nor would we object to the VA administering such programs, so long as the Department of Defense maintained the responsibility for bearing the cost of entitlements for all such programs.

This concludes my testimony, Mr. Chairman. I again wish to thank you and the members of the Committee for providing the DAV the opportunity of appearing here today.

* * *

Senator CRANSTON. Mr. Riggin.

Mr. RIGGIN. Mr. Chairman, I am Phil Riggin. I am the director of the national legislative commission of the American Legion. With me is Michael Schlee who is director of our national security and foreign relations division.

Mr. Schlee will be prepared to present a summary of our statement with the request of course that our entire statement be put into the record.

Senator CRANSTON. It will be.

Mr. RIGGIN. Thank you, sir.

Mr. SCHLEE. Thank you very much, Mr. Chairman. Our support for an educational assistance package is based on resolution 36 adopted at our fall NEC meeting last year. Basically we suggest a three-phase program: A preservice benefit, an inservice benefit, and a postservice benefit.

We believe that to be successful any legislation must contain these three tiers or levels of benefits. I have appended to my statement today a detailed analysis of all the bills that are proposed today, which analyzes them; the provisions which conform to our position, which do not.

I ask that that also be included in the record today.

I would now like to turn briefly to some of the major issues that were raised today and in yesterday's hearings. First of all, transferability, which is probably the most controversial feature.

Our resolution did not specifically address transferability, but we do have some concerns in that area. We are concerned that with transferability, we may be creating a class of individuals up the road who would not be motivated at all by educational benefits.

Additionally, we think a long, hard look has to be looked at the transferability provision in terms of equity to previous veterans and also the long-term cost.

Application to Reserves as you are well aware since the advent of the total force policy, the Reserves and the National Guard constitutes a significant real force within our total force policy. And we strongly suggest that any legislation include provisions for the Reserves.

On funding of the legislation, we also concur that the entire funding should be done by the Department of Defense, but it should be administered by the Veterans' Administration which currently has the staff in being to administer such a program.

Cost estimates of the legislation on H.R. 1400; they are estimating a $1.4 billion a year cost annually. The GAO in doing the study of those who failed to complete their initial enlistments between 1974 and 1977 estimate that the loss for this was $5.2 billion.

Additionally, in hearings over this year, Dr. Charles Moskos testified that cutting the military attrition rate only in half would result in manpower savings in excess of $600 million annually.

We suggest to you that while the $1.4 billion figure, which is the cost of H.R 1400, is significant; there are some offsetting pains both in continuing a greater fulfillment of initial enlistments and also by greater education and subsequently greater tax base.

Mr. Chairman, in supporting an educational incentives program, we do not believe that it alone will solve all the problems of a volunteer force. This legislation will hopefully enhance the number and quality of new recruits but it will still not fully meet the needs of the services for a cross section of American youth to operate and man our ever increasingly complex and sophisticated weapons systems.

We concurrently support funding for increased pay and benefits, for improvements in the all important quality of life factor for Armed Forces; nevertheless, the American Legion believes that a return to the conscription is inevitable based on the demographics of the future and the administration's proposal to increase our Armed Forces level by 200,000; of that number, approximately 100,000 going to the Army, which is the force which has faced the most recurring manpower shortage.

In conclusion, we fully support a balanced educational incentive program for recruitment and retention in the Armed Forces. We believe that timely enacted legislation with the modifications we have recommended will accomplish this goal.

I believe we must stop sending conflicting signals to our youth and to our men and women in uniform. We must enact a simple but equitable educational benefits program now and keep it on line for the future when it can be expected to enhance both the quantity and quality of the individuals that are asked to serve.

I thank you, Mr. Chairman.

Senator CRANSTON. Thank you very much.

[The prepared statement of G. Michael Schlee, director, national security and foreign relations division, the American Legion, follows:]

PREPARED STATEMENT OF G. MICHAEL SCHLEE, DIRECTOR, NATIONAL SECURITY-FOREIGN RELATIONS DIVISION, THE AMERICAN LEGION

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

The American Legion appreciates the opportunity to present its views on legislation which would provide an education assistance program for the purpose of aiding in the recruitment and retention of individuals in both the Active and Reserve components of the Armed Forces. The indispensible imperative of insuring that this nation's military forces have both the quantity and quality of personnel at all levels was succinctly and clearly stated by the President last month at West Point. Quoting General George Patton, the President said, "Wars may be fought with weapons, but they are won by men," and he added, "won by women as well."

Before outlining our position on this critical issue, I would like to point out that The American Legion was instrumental in the enactment of the Servicemen's Readjustment Act of 1944--better known as the G.I. Bill of Rights. Since that time, we have continued our involvement in subsequent education benefits programs.

Our support for an educational incentives package to support recruitment and retention in the Total Force is contained in Resolution 36 adopted on October 15, 1980. This position suggests a three phased program to achieve the necessary manning levels as follows:

1) As a pre-service benefit, a loan forgiveness program for direct guaranteed educational loans by the Federal Government which would reduce or waive payment on such loans through honorable military service
2) As an in-service benefit, the current 75% limitation on in-service tuition assistance could be expanded to provide payment of 90% of instructionally related expenses as well as basic tuition costs or fees in lieu of tuition, and
3) As a post-service benfit, balanced educational benefits reflecting honorable service in the Active and or Reserve components.

The American Legion believes that to be successful, any legislation adopted should include these three areas of benefits. Our resolution further states that any such educational program be funded as a Department of Defense function, but be administered by the Veterans Administration since the VA currently has the staff and expertise to administer such a program.

The numerous bills being reviewed by this Subcommittee (S.5, S.7, S.25, S.26, S.48, S.105, S.248, S.417 and S.742) each contain some provisions which conform to our position and other provisions which do not agree with our recommendations. I have appended an analysis of these bills which use the major criteria of Eligibility; Tuition/ Stipend/ Supplemental Stipend; Transferability; Reserves; Delimiting dates, and Funding. Instead of stating the pros and cons of each bill under consideration, I would like to provide the rationale for each of the major tenets of our position.

Pre-Service Benefits: The pre-service loan forgiveness aspect can be expected to appeal to those potential recruits with high school diplomas who have begun pursuing college degrees. As this Subcommittee is aware, high school graduates have a significantly greater record than non-high school graduates in successfully fulfilling their initial service commitments. Parenthetically, it should be added that these recruits would come to service with greater basic skills and goal oriented discipline. Those offered this loan forgiveness provision can be expected to have a greater incentive to remain in the service until their loans are repaid. Moreover, those who have completed part of their college education are also likely to be influneced by the availability of a post-service benefit -- which could be applied to completion of undergraduate and graduate study. Those having completed all of their undergraduate work could leave or remain in service and still take advantage of the educational benefit. This point is critical from the standpoint of retaining skilled potential careerists.

In-Service Benefits: Any educational incentive should contain provisions for active duty members to take advantage of their accruing benefits while remaining in the service. Whether it is in the form of an educational leave of absence or part-time studies, such provisions would hopefully retain those personnel who would otherwise leave to utilize their educational benefits. Additionally, active duty members electing either educational leaves or part-time studies could, on their own or with encouragement, pursue courses providing them with specialty skills currently in short supply in the armed forces.

Post-Service Benefits: This is the traditional benefit which the G.I. Bill and subsequent education incentive legislation have provided. Since the services cannot expect to retain every recruit beyond his/her first enlistment, this would provide a benefit in recognition of honorable service and employ an historically proven incentive for attracting serious new recruits.

Transferability: This may be the most controversial of the provisions contained in some of the legislation under review. While The American Legion's resolution does not specifically address this issue, I will advise the Subcommittee that we do have concerns with this provision.

Such authority would, in our opinion, perniciously affect the purpose of such legislation by providing benefits to individuals, specifically dependents of service personnel who, but for enjoying the benefits to individuals, specifically dependents of service personnel who, but for enjoying the benefits accruing from the service member's eligibility, could qualify in their own right for benefits under such a proposal in years ahead. Thus, it is felt that a provision of this nature could reduce the pool of elibigle individuals available for military service based on the incentive of educational benefits. Additionally, a serious look must be given to the long term cost of transferability and the question of equity to previous veterans. In essence, the services need the dependents of careerists just as badly as the dependents of civilians.

Application to Reserve Service: Since the advent of the All Volunteer Force and the concurrent development of the Total Force Policy, the Selected Reserve and the Army National Guard strengths have dropped dramatically. However, increased reliance on our Reserve components is a reality since the Army National Gurad comprises 27% of the personnel strength of the total Army unit structure. Selected military mission evaluations provide an equally dramatic reliance upon the Reserve components: Air Force Reserve units provide 63% of strategic airlift air crews; Naval Reserves provide 10% of naval surface combatants; 88% of Navy ocean minesweepers and 86% of cargo handling battalions. The integral role that the Reserve components serve and the necessity for adequate manning demand that this indispensible element be included in any meaningful education incentive package.

Funding by the Department of Defense: We believe that any educational program should be administered by the Veterans Administration, as that agency has in its employ experienced staff with the expertise necessary to insure that such a program is carried out in an efficient manner. However, we also believe that any educational incentive program should be entirely funded by the Department of Defense. The bottom line is that the ultimate purpose of such legislation is to provide an incentive for the recruitment and retention of personnel in the Armed Forces. Based on this premise, the Legion is opposed to the funding of any of the benefits payable under such an incentive program through the Veterans Administration. Moreover, this is not a readjustment benefit as was each preceding G. I. Bill education program. The justification for this recommendation is strengthened, if cuts in the Veterans Administration budget recently proposed by the office of Management and Budget are taken into consideration.

Cost of Legislation: Cost estimates for this legislation project an outyear peak of $1.4 billion annually. In this period of rightful concern about Federal expenditures, some significant savings will likewise be realized if an educational assistance plan achieves its goals of recruitment and particularly retention -- to the extent that at least initial terms of enlistment are completed.

The General Accounting Office reported that 444,000 first term volunteers left the service before completing their initial enlistments between 1974 and 1977. The GAO cost estimate for this loss was $5.2 billion. In hearings earlier this year, Dr. Charles Moskos, a noted military sociologist, testified that cutting the military attrition rate in half would result in manpower savings in excess of $600 million annually. While the outyear costs are significant, a successful education incentive program would provide substantial offsetting long run savings by generating increased revenues from educated tax payers.

Mr. Chairman and Members of the Subcommittee, in supporting an education incentive program, The American Legion does not believe that it alone will solve all the problems of the All Volunteer Force. Nor can it begin to achieve its goals unless the competition from the ever increasing amount of federal civilian education programs are dramatically reduced.

While this legislation will enhance the number and quality of new recruits, it still will not fully meet the needs of the services for a cross-section of American youth to operate and man our ever increasingly complex and sophisticated weapons systems. We concurrently support additional funding for increased pay and benefits and for improvements in the all important "quality of life" factors for the armed forces. Nevertheless, The American Legion believes that a return to conscription is inevitable.

Our position is reinforced by American youth demographics for the 1980's. According to Census Bureau projections, the supply of 18-year old males will shrink during the 1980's and 1990's because of the progressive decline in child-bearing in the 1960's and 1970's. It has been calculated that the military services will have to recruit one of every two qualified and available males by the mid-to-late 1980's. During 1980, about one in every four qualified and available 18-year olds were recruited. Moreover, the Administration has stated that an additional 200,000 men and women will be needed above the current level of 2,062,000. Of that number, 100,000 will go to the Army which has faced the most recurring manpower shortages.

In conclusion, our organization fully supports a balanced educational incentive program for recruitment and retention in the armed forces. We believe that timely enacted legislation, with the modifications we have recommended, will accomplish this goal.

We must stop sending conflicting signals to our youth and to our men and women in uniform. We must enact a simple but equitable educational benefits program now and keep it on line for the future when it can be expected to enhance both the quantity and quality of the individuals that are asked to serve.

Mr. Chairman, The American Legion is appreciative of the opportunity to present its views on this important legislation to this Subcommittee. We will be happy to address any questions you may have at this time.

NATIONAL EXECUTIVE COMMITTEE MEETING
THE AMERICAN LEGION - INDIANAPOLIS, INDIANA
OCTOBER 15-16, 1980

RESOLUTION #36

COMMITTEE: National Security

SUBJECT: EDUCATION INCENTIVES FOR ACTIVE AND RESERVE FORCES

WHEREAS, Congress has terminated the education program under Chapter 34 of Title 38, United States Code, for those persons enlisting in the Armed Forces of the United States on or after January 1, 1977; and

WHEREAS, Congress replaced this educational assistance program with a less generous experimental contributory program under Chapter 32, Title 38, which is known as the Post-Vietnam Era Veterans' Educational Assistance Program, or "VEAP," wherein the Federal Government matches on a two-to-one basis the deposits by the individual military member to VEAP up to $5,400; and

WHEREAS, the Secretary of Defense is authorized under this program to contribute additional unspecified amounts to an individual's VEAP account above that level as a recruiting or retention incentive; and

WHEREAS, only 23.3% of all eligible personnel enrolled in VEAP during Fiscal Year 1979 and approximately 50% of those who did enroll voluntarily discontinued their participation and Armed Forces officials believe that VEAP has not proven to be an adequate incentive for enlistment or retention in the military services; and

WHEREAS, VEAP will automatically terminate at the end of 1981 unless it is recommended by the President and approved by the Congress that it be continued; and

WHEREAS, the Department of Education now provides without service requirement, direct and guaranteed student loans with minimal interest rates which do not require repayment to commence until 9 to 12 months after graduation with complete repayment within 10 years; and

WHEREAS, all military services are experiencing great difficulty in recruiting and retaining military personnel and it is apparent that this problem will worsen in the 1980s as the number of 18-year old men decline to 1.7 million in the latter part of the decade, thus requiring the services to recruit 50% of all military age males who are physically and mentally qualified and who are not enrolled in college in order to meet the manpower needs of the services; and

WHEREAS, The American Legion believes that educational incentives play an important part in the recruitment and retention of personnel, and any attempt to restrict or delete such benefits as a cost-saving measure would adversely affect the military services ability to meet their accession and retention goals; and

(over)

WHEREAS, The American Legion believes that the declining numbers of 18-year old men will likely force resumption of the draft, and will encourage Congress to authorize an education incentive program as a readjustment benefit comparable to those that were provided under Public Law 89-358 the so-called "Cold War Veterans Readjustment Act;" now, therefore, be it

RESOLVED, by the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana on October 15-16, 1980, that The American Legion urge Congress to enact legislation which would authorize and fund an education incentive program to support retention and recruiting for Active and Reserve forces, examples of which follow:

(1) As a pre-service benefit, a loan forgiveness program for direct or guaranteed educational loans by the Federal Government which would reduce or cancel such loans through honorable military service;

(2) As an in-service benefit, the current 75% limitation on in-service tuition assistance could be expanded to provide payment of 90% of instructionally related expenses as well as basic tuition costs or fees in lieu of tuition;

(3) As a post-service benefit, educational benefits patterned after the Chapter 34, or VEAP programs could be extended to those who do not avail themselves of either the pre-service or in-service programs; and, be it further

RESOLVED, that The American Legion recommend to Congress that any such educational incentive program be funded as a Department of Defense function but be administered by the Veterans Administration since the VA currently has staff and expertise to administer such a program.

ANALYSIS OF G.I. BILL LEGISLATION

	ELIGIBILITY	TUITION	STIPEND	SUPPLEMENTAL STIPEND	TRANSFERABILITY	RESERVES	DELIMITING	FUNDING
S-25 U.S. Sen. William Armstrong (R-CO)	After 24 months = 27 months assistance. For each month thereafter = 1 month assistance. Max 36 months.	Full cost to max of $2,500 per year.	$250 per month	After six years, contributory program matched on a 2 to 1 basis. Max of $36,000.	Contributory program transferable to spouse or children.	NO	10 years from discharge or release from active duty.	Department of Defense
S-26 U.S. Sen. Larry Pressler (D-SD)	After 24 months = one for one assistance. Combat or critical skills = 1 1/2 months assistance for 1 month service. Max 45 months.	NO	Single: $342 Married: $407 Married: $464 2 Dep. Each additional dependent $29.	May increase monthly stipend by reducing entitlement period.	After 8 years of active duty transferable to spouse or children.	Yes, 1 month entitlement for 2 months service. Max 18 months.	10 years from last discharge or release from active duty	Veterans Administration
S-48 U.S. Sen. William S. Cohen (R-ME)	Critical military skill. After 24 months service = 18 months assistance. Next 12 months service = 6 months assistance. Fourth 12 month service = 12 months assistance. Non-critical military skill. After 24 months service = 12 months assistance. Thereafter 2 months service = 1 months assistance. Max 36 months assistance.	NO	Same as Pressler	NO	NO	NO	10 years from last discharge or release from active duty.	Department of Defense

	ELIGIBILITY	TUITION	STIPEND	SUPPLEMENTAL STIPEND	TRANSFERABILITY	RESERVES	DELIMITING.	FUNDING.
S-5 U.S. Sen. John W. Warner (R-VA)	After 36 months service = 18 months. Assistance thereafter 1/2 months assistance for 1 month service. Max 36 months.	$1,500 per year.	$400 per month.	NO	Yes, transferable to spouse or child.	NO	6 years after discharge or release from active duty.	Veterans Administration.
S-7 U.S. Sen. Strom Thurmond (R-SC)	After 24 service = 36 months assistance. Max 36 months.	NO	$400 per month.	NO	Yes, transferable after 8 years active duty to spouse or child.	Yes, after four years 1 month service - 1 1/2 month assistance. Max 36 months.	10 years after last discharge or release from active duty.	Veterans Administration
H.R. 115 U.S. Rep. Charles E. Bennett (D-FL)	After 24 months service - 36 months assistance. Max 36 months.	$1,000 or tuition and fees, whichever is less.	$100 per month.	NO	NO	Yes, provides for cancellation of federal loans for service in selected reserve or IRR.	10 years after last discharge or release from active duty.	Veterans Administration

	ELIGIBILITY	TUITION	STIPEND	SUPPLEMENTAL STIPEND	TRANSFERABILITY	RESERVES	DELIMITING	FUNDING
S 417 U.S. Sen. Alan Cranston (D-CA)	After 3 years = 36 months assistance or 2 years active duty 4 years reserve commitment = 36 months assistance. Benefits would be suspended if failure to meet commitment.	NO	$250 per month. Max $9,000.	After 4 years, with 4 years reserve commitment, add $475 per month. Can be accelerated to $500 a month for a total of $750 per month basic and supplemental or six years active duty.	Yes, after 10 years active duty to dependents based on the discretion of the Secretary of Defense.	Yes, see eligibility and supplemental stipend.	10 years from last discharge or release from active duty.	Veterans Administration for basic assistance, DOD for supplemental stipend. In event of transfer DOD funded.
H.R. 1400 U.S. Rep. G. V. Montgomery (D-MS)	After 3 years = 36 months assistance or 2 years active duty plus 4 years National Guard or Selected Reserve. Max 36 months assistance.	NO	$250 per month.	$300 per month after 6 years active duty plus 8 years in Selected Reserve or National Guard.	Yes, between 8 and 12 at discretion of Secretary of Defense.	Yes, see eligibility and supplemental stipend also extends for 2 years the authority to pay Federal Student loans in exchange for service in the reserves.	?	Veterans Administration would pay administration costs and basic assistance of $250 per month. Supplemental stipend would be funded by DOD.

	ELIGIBILITY	TUITION	STIPEND	SUPPLEMENTAL STIPEND	TRANSFERABILITY	RESERVES	DELIMITING	FUNDING
S-742 U.S.Sen. Cohen	After 24 months= 18 months assistance. Third 12 month period = ½ month assistance for each month active duty. Fourth 12 months period = 1 month assistance for each month active duty. 6 years enlistment = 9 months assistance after service of 2 years and thereafter 1 month assistance for each 3 months active duty. Maximum 36 months.	No	Same as Chapter 34 Title 38		After 6 years of active duty, may join matching Fund Program for use by dependents. DOD provides 2 to 1 match after 10 years of service... Max participant deposit is $6,000	No	10 years from last discharge or release from active duty.	Veterans Adm. Transferability by DOD

	ELIGIBILITY	TUITION	STIPEND	SUPPLEMENTAL STIPEND	TRANSFERABILITY	RESERVES	DELIMITING	FUNDING
S-899 U.S. Senator Hollings	After 2 years of active duty, and agrees to serve 2 years in Selective Reserve, and 2 years in Individual Reserve= 1½ months assistance for each month active duty. Max 36 months of Active and Reserve		$400 per month for active duty entitlement. $200 per month for Reserve entitlement.	Expansion is allowed for selected categories	Provides for transferability under new chapter as well as unused portions under Chapter 32 and 34, Title 38	Yes. 1 months assistance for each month in selected or Ready Reserve	10 years after discharge or retirement	Veterans Adm. Expansion benefits by DOD
S-105 U.S. Sen. Inouye and Matsunaga	Extends Delimiting period of Chapter 34 entitlement to such period as Administration deems appropriate, providing veteran can demonstrate a compelling reason for inability to complete such veterans education.							
S-248 U.S.Sen. Warner	Extends Delimiting period of Chapter 34 to eligible veterans whose discharge from active duty occurs after December 31, 1979 to five years from the date such veteran starts his education program or December 31, 1989, which ever is later, provided that the start of such educational program occurs no later than two years after such discharge or release from active duty.							

Senator **Cranston**. Mr. Mansfield.

Mr. **Mansfield**. Mr. Chairman, my name is Gordon H. Mansfield, associate legislative director, representing Paralyzed Veterans of America. First of all, I would like to thank you for the opportunity to appear before the committee.

Recognizing the constraints of time and also the words that have gone before me from the other veterans organizations, I would like to just summarize my testimony. I would like to have the full testimony submitted for the record.

Senator **Cranston**. Thank you very much.

Mr. **Mansfield**. Mr. Chairman, PVA fully understands the need for a strong and viable American military, and we do not contest the concept of using approved educational benefits to recruit skilled and talented individuals. However, we request that the members of this committee review the existing educational needs of veterans who have already served the Nation and to address these needs.

The creation of a new program of educational benefits for future veterans will serve as little inducement for enlistment if the obvious needs of today's veterans are not met.

Here I would just like to point out, Mr. Chairman, that the historical basis for the GI bill has been prior service to the Nation and to use the GI bill for readjustment to civilian life.

While we commend the committee for the proposed legislation, we have some concerns that I will direct my attention to specifically. The first is the idea of transferability. We feel that this is moving the Veterans' Administration away from its traditional mission.

The problem is that the VA under these bills before the committee is going to be required to administer programs for active duty personnel, for their sons and daughters, for their wives and, also, possibly members of the Reserve components.

The most specific concern we have here, Mr. Chairman, is the problem of funding. While the bill, for example your bill, specifically indicates that the first part will be funded by the VA and the second part for the transferability or the long-term educational benefit will be funded by DOD; VA under all of these bills is going to require additional administrative capability.

And we are concerned at a time when this committee itself has just recently gone through extensive hearings on the current VA appropriations that this problem of funding may become one of significance.

Thank you, Mr. Chairman.

Senator **Cranston**. Thank you very much, Gordon.

[The prepared statement of Gordon H. Mansfield, associate legislative director, Paralyzed Veterans of America, follows:]

PVA
PARALYZED
VETERANS
OF
AMERICA
CHARTERED BY THE CONGRESS OF THE UNITED STATES

PREPARED
STATEMENT OF
GORDON H. MANSFIELD, ASSOCIATE LEGISLATIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
SENATE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
VETERANS' EDUCATIONAL ASSISTANCE PROGRAMS
JULY 22, 1981

Mr. Chairman and Members of the Committee, it is a privilege for me to appear today to present the views of Paralyzed Veterans of America concerning the veterans' educational assistance programs in the proposed legislation being considered by this Committee.

Educational assistance programs for veterans have proven to be among the most beneficial and cost-effective programs administered by the Veterans Administration. Millions of veterans have utilized these programs to successfully make the transition from military to civilian life, to enhance their career potential and to achieve employment goals. The costs of these programs have been repaid by veterans through their increased productivity and improved earnings capability, which have produced added tax receipts to the U.S. Treasury.

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It should be noted that educational assistance programs for veterans have historically been to facilitate readjustment to civilian life and to recognize prior service to the nation. The G.I. Bill may have served as an inducement for certain individuals to enter the military but its primary purpose has been to assist veterans after leaving the service.

Mr. Chairman, a majority of the Senate bills being considered appear to be primarily directed at the problems of recruitment and retention presently being experienced by the Armed Forces, and not at the current and future readjustment of veterans. These legislative proposals do not attempt to deal with the educational and vocational needs of today's veterans nor do they offer needed improvements in existing programs contained in Title 38, United States Code.

PVA has recently testified before the Subcommittee on Education, Training, and Employment of the House Committee on Veterans' Affairs, and stated that the needs of many veterans were not being met by existing programs.

In that same testimony we noted the need for increased emphasis on on-the-job training and for programs which provide for non-traditional educational endeavors. These observations were based on the continuing unemployment and underemployment of many veterans. This situation has not changed and these needs still exist.

PVA wishes to express its support for S. 105 which provides for extension of the delimiting period currently in effect for use of educational benefits. We would hope that the Administrator is made aware that a liberal interpretation should be applied and that catastrophically disabled and Vietnam Era Veterans who have experienced special readjustment problems are to be included in the extension.

PVA fully understands the need for a strong and viable American military, and we do not contest the concept of using improved educational benefits to recruit skilled and talented individuals. However, we request that the Members of this Committee review the existing educational needs of veterans who have already served the nation and to address these needs. The creation of a new program of educational benefits for future veterans will serve as little inducement for enlistment if the obvious needs of today's veterans are not met. A new educational program, worthy as it may be, will provide little incentive for men and women to serve the nation if they are aware that other commitments made to veterans have been reduced or ignored. Last year the 96th Congress passed Public Law 96-466, the "Veterans' Rehabilitation and Education Amendments of 1980." This law provided for the comprehensive restructuring of Chapter 31 of Title 38, United States Code. This new, comprehensive program was based on the most modern rehabilitation concepts and was meant to upgrade the educational and training opportunities and services for America's disabled veterans. This new program has yet to be implemented, and we are concerned that the recently proposed FY1982 Veterans Administration Budget may make no provision for it.

Beyond our concerns for needed improvements in existing educational programs for veterans, PVA has certain reservations as to the potential effectiveness of the proposed legislation before the Committee. The manpower shortages of the military appear to be most critical in the mid-level enlisted ranks and is a retention problem, rather than one of recruitment. The proposed educational assistance does not seem to offer sufficient incentive for individuals who have served six, eight, or ten years when weighed against other economic considerations. Recently the Secretary of Defense addressed this issue and noted that improved levels of pay and other financial motivations were essential if talented, skilled servicemen were to remain in the military. The provision of post-military educational assistance does not address this problem.

Present trends reveal that DOD's budget, unlike the VA's, is not severely restricted. If the proposed legislation being considered today were enacted, additional funding would be made available to the Department of Defense but the Veterans Administration would have to provide its share of the cost from funds for existing programs. Of special concern to PVA is "transferability" of educational benefits by the active-duty serviceman or veteran to the spouse or other family members. For example, S. 417, under proposed Section 1437, provides for payments to be made by the VA for entitlements used by the serviceman and that the Department of Defense will provide payments for dependents out ot its appropriations. However, the VA will apparently still bear the costs of administering both programs and also have additional reporting requirements to fulfill. S. 742 specifies that the deductions from active duty service personnel's pay plus the matching contribution made by the Secretary concerned, will be deposited in a fund maintained by the VA Administrator. While this bill also indicates that DOD will be charged with funding the program, it also requires further reporting and management duties which will be borne by the Veterans Administration. S. 48, while providing that appropriations and expenditures made under the program "shall be considered to be functions of the Department of Defense for budget purposes rather than functions of the Veterans' Administration"

(Section 4.(b)), still requires the Administrator of Veterans' Affairs to pay the applicable educational assistance allowance under Section 2143 (e).

While PVA actively supports measures to maintain the adequacy of the Armed Forces of the United States, it opposes legislation which would dilute the Veterans Administrations' mission of providing for the veteran, his widow and orphan by forcing it to administer a program for Department of Defense personnel and their dependents. PVA finds it hard to understand the philosophy of reducing appropriations for the Veterans Administration and thereby reducing benefits to veterans while at the same time requiring the VA to assume responsibility for programs operated for the direct benefit of the Department of Defense. This responsibility comes at the same time the present Administration has called for a great reduction in the number of VA Department of Veterans Benefits personnel involved in the area of the proposed legislation. This reduction includes the elimination of campus veteran representatives, who are most knowledgeable in the problems likely to be encountered.

Mr. Chairman and Members of the Committee, PVA feels that the best way to address the problems of recruitment and retention through the use of Veterans Administration's benefits and programs is to ensure the the needs of today's veterans are adequately met. Young men and women who are considering service to the nation will recognize that the government is honoring commitments made to those individuals who have previously served in the Armed Forces and that their needs are being met. The authorization of new programs which require additional expenditures while there is a reduction of funding for existing programs and services is not an example which will induce service to the nation.

Mr. Chairman, this concludes my statement and I will gladly attempt to answer any questions you may have.

Senator CRANSTON. Gabe?

Mr. BRINSKY. Thank you, Mr. Chairman. We appreciate the opportunity to express our views on the 10 bills that are under consideration by the committee relating to educational assistance program for veterans and members of the Armed Forces.

My comments will be brief, and I request that my full statement be incorporated into the record.

I would like to preface my remarks by noting for the record that AMVETS favors registration. It is common knowledge that the volunteer army is having difficulties both in the recruitment and retention of personnel.

Even greater demands will be impacted upon the All-Volunteer Force by reason of President Reagan's revitalized military program. During the next decade, there will be additional obstacles to fulfilling staffing needs by virtue of a decline in the number of eligible men. With such a shortage, we envision the various services competing with one another for the necessary manpower to fill their quotas.

In our view, the only viable option is to return to the draft.

Many of the bills under consideration parallel one another with minor variations. We find that S. 417 and H.R. 1400 have much in common. We have no quarrel with this bill, and our only objections are more philosophical and academic in nature rather than substantive.

We feel that the proposed legislation is not a veterans' bill, and it is not an Armed Forces bill. It is a mixture of both. Its declared purpose is to assist in the recruitment and retention of military personnel. Yet it provides for additional veterans benefits.

The Veterans' Administration would engage in the administration of a program which does not purely relate to veterans. At the same time, veteran benefits would be utilized as a means to solve or correct problems which are strictly military in nature or origin.

That having been said, AMVETS has no substantive quarrel with the concept of the bill, particularly as set forth in S. 417 except for one provision of that bill. Under section 1402(C)(i) which provides that eligibility would inure for a period of active duty which culminates in a discharge under conditions other than dishonorable.

Under the supplemental educational assistance provisions, section 1421(a)(1)(A), an honorable discharge is a prerequisite to entitlement. In view of the generous nature of the legislation and the avowed intention, we are of the view that eligibility for any benefits should have as a requirement an honorable discharge.

This concludes my statement, Mr. Chairman.

Senator CRANSTON. Thank you very much.

[The prepared statement of Gabriel P. Brinsky, national service and legislative director, AMVETS, follows:]

PREPARED STATEMENT OF

GABRIEL P. BRINSKY

AMVETS NATIONAL SERVICE & LEGISLATIVE DIRECTOR

Before The
COMMITTEE ON VETERANS AFFAIRS

UNITED STATES SENATE

July 23, 1981

AMVETS APPRECIATES THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE TO EXPRESS ITS VIEWS ON TEN BILLS UNDER CONSIDERATION BY THE COMMITTEE RELATING TO EDUCATIONAL ASSISTANCE PROGRAMS FOR VETERANS AND FOR MEMBERS OF THE ARMED FORCES.

MY COMMENTS WILL BE BRIEF. IT IS REQUESTED THAT MY FULL STATEMENT BE INCORPORATED INTO THE RECORDS.

I WOULD LIKE TO PREFACE MY REMARKS BY NOTING FOR THE RECORD THAT AMVETS FAVORED REGISTRATION. IT IS COMMON KNOWLEDGE THAT THE VOLUNTARY ARMY IS HAVING DIFFICULTIES BOTH IN THE RECRUITMENT AND RETENTION OF PERSONNEL. EVEN GREATER DEMANDS FACE THE ALL VOLUNTEER FORCE BY REASON OF PRESIDENT REAGAN'S REVITALIZED MILITARY PROGRAM.

DURING THE NEXT DECADE, THERE WILL BE ADDITIONAL OBSTACLES TO FULFILLING STAFFING NEEDS BY VIRTURE OF A DECLINE IN THE NUMBER OF ELIGIBLE MEN. WITH SUCH A SHORTAGE, WE ENVISION THE VARIOUS SERVICES COMPETING WITH ONE ANOTHER FOR THE NECESSARY MANPOWER TO FILL THEIR QUOTAS. IN OUR VIEW, THE ONLY VIABLE OPTION IS TO RETURN TO THE DRAFT.

MANY OF THE BILLS UNDER CONSIDERATION PARALLEL ONE ANOTHER WITH MINOR VARIATIONS. WE FIND THAT S. 417 AND H.R. 1400 HAVE MUCH IN COMMON. WE HAVE NO QUARREL WITH THIS BILL AND OUR ONLY OBJECTIONS ARE MORE

PHILOSOPHICAL AND ACADEMIC IN NATURE RATHER THAN SUBSTANTIVE. WE FEEL THAT THE PROPOSED LEGISLATION IS NOT A VETERANS BILL AND IT IS NOT AN ARMED FORCES BILL. IT IS A MIXTURE OF BOTH. ITS DECLARED PURPOSE IS TO ASSIST IN THE RECRUITMENT AND RETENTION OF MILITARY PERSONNEL. YET IT PROVIDES FOR ADDITIONAL VETERANS' BENEFITS. THE VETERANS ADMINISTRATION WOULD ENGAGE IN THE ADMINISTRATION OF A PROGRAM WHICH DOES NOT PURELY RELATE TO VETERANS. AT THE SAME TIME, VETERANS BENEFITS WOULD BE UTILIZED AS A MEANS TO SOLVE OR CORRECT PROBLEMS WHICH ARE STRICTLY MILITARY IN NATURE OR ORIGIN.

THIS HAVING BEEN SAID, AMVETS HAS NO SUBSTANTIVE QUARREL WITH THE CONCEPT OF THE BILLS PARTICULARLY AS SAID FORTH IN S. 417 EXCEPT FOR ONE PROVISION OF THE BILL. UNDER SECTION 1402 (C)(i) WHICH PROVIDES THAT ELIGIBILITY WOULD INURE FOR A PERIOD OF ACTIVE DUTY WHICH CULMINATES IN A DISCHARGE UNDER CONDITIONS OTHER THAN DISHONORABLE. UNDER THE SUPPLEMENTAL EDUCATIONAL ASSISTANCE PROVISIONS, SECTION 1421 (a)(1)(A) AN HONORABLE DISCHARGE IS A PREREQUISITE TO ENTITLEMENT. IN VIEW OF THE GENEROUS NATURE OF THE LEGISLATION AND THE AVOWED INTENTION. WE ARE OF THE VIEW THAT ELIGIBILITY FOR ANY BENEFITS SHOULD HAVE AS A REQUIREMENT AN HONORABLE DISCHARGE.

In testimony during the 96th Congress, AMVETS expressed the view that while we were sympathetic to the problems of the military in the recruitment and retention of personnel, this was strictly a matter for the armed forces. In our opinion, veterans benefits administered under the laws by the Veterans Administration should not be resorted to in order for the armed forces to obtain their desired goals. It was then, and it continues to be, our opinion that veterans benefits should not be utilized as a means to solve or correct problems which are strictly military in nature or origin.

We strongly favor a Veterans Educational Assistance Bill and we would have no objection if a peripheral benefit accrued to the armed forces which would aid in its recruitment and retention of personnel. Still, in our opinion, it should be a Veterans Bill consistent with and in the mold of past legislation and should be administered by the Veterans Administration.

The galaxy of Bills which is currently under consideration by this Committee providing for educational benefits, has as its paramount purpose the objective of salvaging the All Volunteer Forces. Most, if not all of the bills, would provide certain benefits for peacetime service which were never available heretofore to those who had served in time of war. No wartime veteran has enjoyed the supplemental educational assistance for additional service, the transfer of entitlement to dependents, and the preservice Educational Assistance Programs, which these Bills would provide. The largess of some of the provisions are purely divorced from any prior concept of veterans educational benefits.

As previously indicated, AMVETS is of the belief that there is a need for an Educational Bill. We feel, however, that such legislation should be consistent and within the realm of past Veterans' Educational Assistant Programs. Should the military by reason of having difficulty in the recruitment and retention of personnel find it necessary to provide auxiliary benefits as an inducement, it should do so under separate legislation.

Were it to do so, it would leave intact the concept of the Veterans Administration of administering benefits solely for our Veterans. Under many of the proposals, the authority of the Veterans Administration would be expanded to administer to the members of the armed forces.

AMVETS has traditionally advocated the retention of the Administration of veterans benefits in the Veterans Administration. We have opposed any erosion of this function. As a corollary, we prefer that its role not be extended beyond the administration of current clearly defined veterans benefits. For changes in either direction could result in the erosion in the present lines of demarkations to the point where the agency would compromise its identity as the Veterans Administration.

Having expressed our views, we interpose no objection to the concept of the enactment of legislation providing for educational benefits particularly as enunciated in S. 417 except for the exceptions noted.

Senator CRANSTON. As with the other panel, I will pose a general question. If one of you wants to answer, please do, and then if there are other comments or agreement or disagreement with it, please express them.

With respect to proposals for transfer of benefits to dependents, the VFW in its testimony has suggested that providing for such a transfer might very well defeat the recruitment purpose of any program of educational incentives since by virtue of providing a means of transferring benefits to dependents, we would be reducing the incentive to enter military service among the pool of potential eligibles. Do others of you share that particular concern?

Mr. SCHLEE. The American Legion shares that concern in addition to the other expressed concerns of long-range funding and the total test of equity with all veterans.

Senator CRANSTON. Any other expressions or viewpoints?

You have all suggested that you believe that while the VA should administer any new program, the Department of Defense should be responsible for the entire cost of the new GI bill.

Do you share the view of those who suggest that the cost of veterans benefits is a necessary and appropriate component of the cost of providing for our Nation's defense?

Mr. BRINSKY. Yes, we do. AMVETS certainly does. We feel that this is all a part of a continuing cost of having to wage war.

Mr. MANSFIELD. Mr. Chairman, I would like to address that question. I think there is no doubt as to the answer; it is yes.

The question is how do you go about it. And as I referred to in my prior remarks, we have a Veterans' Administration. We are here before the Committee on Veterans' Affairs. And we have a Department of Defense. I think the problem is the administration of the funding no matter where it comes from.

The VA is still going to be tasked with additional obligations.

Mr. RIGGIN. Mr. Chairman, the American Legion does clearly recognize and has for some time recognized that providing veterans benefits is a logical extension of the task of maintaining and producing a military.

Our objection to the funding of the program as far as VA is concerned is simply a practical objection. You and I and everyone in this at least in this panel is clearly aware of the budgetary difficulties we have had over the last couple of years, difficulties which we expect to continue for the foreseeable future.

That simply is our objection in terms of specific funding of the bill.

Senator CRANSTON. If there is no disagreement expressed, I will take it you all concur.

If you do view veterans' benefits as a component of the cost of our national defense—and you do—and if a new GI bill is designed to promote a strong national defense, do you see any circumstances under which the VA could justifiably assume responsibility for funding of any portion of a new GI bill, particularly if the Congress could be assured that existing programs and benefits would not be adversely affected?

Mr. MANSFIELD. Mr. Chairman, those last remarks were, I think, the key to the whole problem. I think PVA would agree that in the traditional sense VA does have a mission in the total concept of the national defense. As I pointed out, historically the GI bill has been for prior service, those that have served the Nation and are making a readjustment to civilian life. And I believe PVA would fully support the continuance of that mission.

Mr. RIGGIN. Mr. Chairman, I think that the American Legion would ask who makes that guarantee in terms of the rest of the veterans benefit package not being affected by increased costs to the VA for administering or funding part of this program.

Obviously, if that guarantee could be made—and I am not sure that anybody is capable of making that guarantee—then we would certainly look at and probably in a favorable fashion some funding being picked up by the VA. But again, our objection is a matter of practicality, in that it all stems from the same point.

Mr. MAYO. Mr. Chairman, in the case of the VA undertaking some of the funding, we would consider it more logical if we returned to conscription or if we went to war. Under those circumstances, I could foresee the VA being involved in the funding aspect of it, because then we would be returning to what we have had previously.

Senator CRANSTON. Any other comments? If not, thank you very much. That completes my questions of this panel. Thank you a great deal. If you want to express anything further in writing, don't hesitate to.

I now call for a panel of military service organizations.

Proceed in whatever order you see fit to each give brief testimony prior to some questions.

TESTIMONY OF A PANEL OF REPRESENTATIVES OF MILITARY SERVICE ORGANIZATIONS CONSISTING OF: MAJ. GEN. ROBERT F. COCKLIN, AUS RETIRED, EXECUTIVE VICE PRESIDENT, ASSOCIATION OF THE UNITED STATES ARMY; VICTOR R. KREGEL, PRESIDENT, AIR FORCE ASSOCIATION; COL. DONALD R. PERKINS, EXECUTIVE ASSISTANT FOR THE ARMY, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES; MAX J. BEILKE, LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES; DONALD L. HARLOW, EXECUTIVE DIRECTOR, AIR FORCE SERGEANTS ASSOCIATION; ROBERT W. NOLAN, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION; MAJ. GEN. J. MILNOR ROBERTS, AUS RETIRED, EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES; AND RICHARD W. JOHNSON, JR., NATIONAL LEGISLATIVE DIRECTOR, NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

General COCKLIN. Sir, I am Maj. Gen. Robert Cocklin, retired, executive vice president of the Association of the U.S. Army. Obviously we appreciate the chance to discuss this important subject with the committee. I will be very brief because you have our full statement.

We are fully aware of the recruiting and retention problems of all the services, but since I know the most about the Army, I will talk about that very briefly.

The Army has achieved its recruiting goals in fiscal year 1980, but it did so at the cost of quality. For a number of years, the

Army has had its strength constrained to that level that was thought feasible to recruit. Today, recruiting is going well aided by a sluggish economy.

Nevertheless, Active Army strength today is substantially below that required for peacetime manning. The estimates of additional manpower needed by the Army range from between 50,000 and 75,000. And now the administration has said it is planning a peacetime Army increase of 100,000 in the next several years.

Your consideration of the issue of educational assistance ought to include this fact. Over 9 years, the all-volunteer system has not been successful in providing the manpower needed for the total Army, Active, Reserve and National Guard. It is equally clear that in the all-volunteer environment quality has consistently been compromised in the interest of quantity.

The Army has not been able to recruit high school graduates in category 1 to 3(a) in the numbers desired. There is a connection between the decline in the quality of enlistees following the termination of the GI bill in 1976 and the greatly expanded postsecondary schooling financial support available for the asking from the Federal Government. The charts accompanying my submitted testimony show this relationship. It is our opinion that the most serious obstacle to the recruitment of the desired numbers of high school graduates, categories 1 through 3(a), is the inability of the Army to offer educational benefits better than those obtainable through educational grants or loans from other Federal agencies where no service to the country is required and there is little likelihood of pursuit in loan collection.

We believe it important that whatever educational assistance be enacted to recognize that there are two distinctly different but complementary functions to be served by educational assistance legislation. One is to attract and recruit young men and women into the Army and second to encourage those same bright young men and women to stay.

You are considering at least 10 related bills. We have developed a chart accompanying my prepared statement which compares the 12 major provisions of 8 of these principal proposals. Let me summarize quickly where we come out.

For recruiting, legislation should include the following provisions: Eligibility restricted to high school graduates with honorable service and limited to use in postsecondary schools only. A 2-year enlistment option. Provide entitlement for pure Reserve service. The maximum entitlement should be 36 months of education—a full 4-year college program. Basic benefit earned on a basis of 1 month of education for 1 month of active service or 4 months of Reserve service.

The monthly subsistence allowance should initially be similar to the Vietnam-era GI bill: approximately $300. Whatever the basic entitlement is determined to be, it should have an automatic cost-of-living adjustment if it is to be an attractive incentive.

Only minimal payouts are going to be made before the third year after enactment. By then, even the most inexperienced potential recruit will recognize that $300 a month will no longer provide much toward postsecondary school education. The 1981–82 tuition, room and board for State universities is estimated at $4,000. While some private universities will top $10,000.

In order that the individual services may be competitive in the marketplace, we believe the secretaries of the military departments should be granted the authority to add such additional incentives to the basic educational package to fill critical military occupational specialities as the services may be willing to fund and the Congress to authorize.

The Army is a manpower intensive force and must have a competitive edge to attract quality enlistees from a decreasing pool of young men. This is entirely consistent with the bonus and incentive plans already used by the services. As an aid to retention of quality careerists, the following additional provisions should be considered:

Monthly subsistence allowance increased to $600 for 6 or more years of service; transfer of earned entitlement to dependent children after 10 years of active service; grant 10 years after final service separation to complete using entitlement; and extend the current termination date of the Vietnam-era GI bill, December 31, 1989, to 10 years after final separation. This will preclude those careerists now eligible for this benefit from confronting the painful decision to leave the service in 1985 to use it, or remain in service and lose the opportunity.

Permit careerists now eligible for VEAP who become eligible for this proposed new educational benefit to withdraw personal contributions with interest.

As for funding, AUSA believes the basic entitlement for Active and Reserve service should be funded by the VA and all other provisions by the Department of Defense. This incentive for military service could and should be financed without increased Federal funding by curtailing programed increases in Department of Education grant and loan programs. In fact, it is our belief that if these programs are not curtailed as proposed by the administration, it is questionable if any new veterans educational assistance program would significantly improve the quality of personnel voluntarily entering the service.

As it now stands we have developed a system of educational benefits that offers more to those who do not serve their country than to those who do. Thank you, sir.

Senator CRANSTON. Thank you very much.

[The prepared statement of Maj. Gen. Robert F. Cocklin, AUS retired, executive vice president, Association of the U.S. Army, follows:]

PREPARED STATEMENT OF MAJ. GEN. ROBERT F. COCKLIN, AUS RET., EXECUTIVE VICE PRESIDENT, ASSOCIATION OF THE UNITED STATES ARMY

Mr. Chairman:

I am Major General Robert F. Cocklin, AUS Retired, Executive Vice President of the Association of the United States Army. The Association of the United States Army appreciates the opportunity to express its views on the subject of educational assistance for recruiting and retention in the Armed Forces.

While extended debate over the issues of how to obtain needed military manpower continues, it becomes more apparent that there are no easy solutions. Although well aware of the recruitment and retention problems of the other services, I will confine my discussion to the Army.

The Army achieved its recruiting goals in Fiscal Year 1980, while making up a significant shortfall from Fiscal Year 1979, but it did so at a cost; and that cost was quality. The Army has, for a number of years, had its strength constrained to that level it was thought it could recruit. Recruiting is currently going well, aided by test educational incentives and a sluggish economy. Nevertheless, Army strength today is substantially below that required for peacetime manning. The best estimates of the additional manpower needed by the Army range between 50,000 and 75,000. As you are aware, the Administration is planning an Army increase of 100,000 in the next several years. While not the specific area of interest of this committee, your consideration of the issue of educational assistance ought to include this fact.

In the eight years that the all-volunteer system has been in existence, it has become abundantly clear that it has not been successful in providing the manpower needed for the Total Army. When I use the term Total Army, I mean active, Reserve and National Guard. It is equally clear that in the all-volunteer environment, quality has been consistently compromised in the interest of quantity. The Army has not been able to recruit high school graduates in Category I-III in the numbers desired.

There is a direct connection between the decline in quality enlistees and the termination of the GI Bill (December 1976) and the greatly expanded post-secondary schooling financial support available for the asking from the Federal Government. The charts accompanying my submitted testimony show this relationship. As the charts clearly indicate, all the Services have suffered a loss of high scoring male high school graduate accessions since the end of the GI Bill. It is the opinion of this Association that the most serious obstacle to the recruitment of the desired numbers of high school graduates, Category I-III, is the inability of the Army to offer educational benefits better than those obtainable through educational grants or loans from other Federal agencies, where no service to the country and little likelihood of pursuit in loan collection is likely. The current contributory VEAP program falls far short of the goal. There is no overwhelmingly attractive incentive for the bright young man or woman who is a high school graduate to enter the Army.

Finally, we believe it important, whatever educational assistance be enacted, to recognize that there are two distinctly different but complementary functions to be served by educational assistance legislation: to attract and recruit young men and women into the Army; and, secondly, to encourage those same bright young men and women to remain in the Army.

This Committee is considering at least ten related bills. For your convenience, AUSA has developed a chart which compares the 12 major provisions of 8 of the principal proposals.

For recruiting quality recruits for the Total Army AUSA believes that the educational benefits legislation should include the following provisions:

- Eligibility restricted to High School Graduates with honorable service and limited to use in post-secondary schools only.

- A two-year enlistment option. Most experts in the recruiting business do not believe that you can obtain substantial numbers of quality enlistments in the active force without this provision.

- Provide entitlement for pure reserve service.

- Maximum entitlement; 36 months of education, a full four-year college program.

- Basic benefit earned on a basis of one month of education for one month of active service or four months of reserve service.

- Monthly subsistence allowance should, initially, be similar to the Vietnam Era GI Bill, approximately $300. However, inflation is very much a part of the student's life. Whatever the basic entitlement is determined to be, it should have an automatic cost-of-living adjustment if it is to be an attractive incentive. Only minimal payouts are going to be made before the third year after enactment. By then, even the most inexperienced potential recruit will recognize $300/month will not provide much toward post-secondary school costs. The 1981-82 tuition, room and board for state universities is estimated to average $4,000, while prestigious universities will top $10,000.

- In order that the individual services may be competitive in the market place, we believe that the Secretaries of the Military Departments should be granted the authority to add such additional incentives to the basic educational package to fill critical military occupational specialties as the Service may be willing to fund, and the Congress authorize. The Army is a manpower intensive force and must have a competitive edge to attract quality enlistees from the decreasing supply of young men. This is entirely consistent with bonus and incentive plans already used by all the Services.

As an aid to the retention of quality careerists the following additional provisions should be considered:

- Monthly subsistence allowance increased to $600 for six or more years of active service after date of enactment.

- Transfer of earned entitlement to dependent children after ten years of active service.

- Grant ten years after final service separation to complete using entitlement.

- Extend the current termination date of the Vietnam Era GI Bill, 31 December 1989, to ten years after final separation. This will preclude those careerists now eligible for this benefit from confronting the painful decision to leave the service in 1985 to use it or remain in service and lose the opportunity.

- Permit careerists, now eligible for VEAP, who become eligible for this proposed new educational benefit to withdraw personal contribution, with interest.

As for funding, AUSA believes the basic entitlement for active/reserve service should be funded by the VA and all other provisions by the Department of Defense.

This incentive for military service could and should be financed without increased Federal funding by curtailing programed increases in Department of Education grant and loan programs. In fact, it is AUSA's belief that if these programs are not curtailed as proposed by the Administration, it is questionable if any new Veterans Educational Assistance Program would significantly improve the quality of personnel voluntarily entering the service. Not only is no service required for these other Federal programs and no pay back is required for grants, but the national direct student loan program reports over $732 million in defaults.

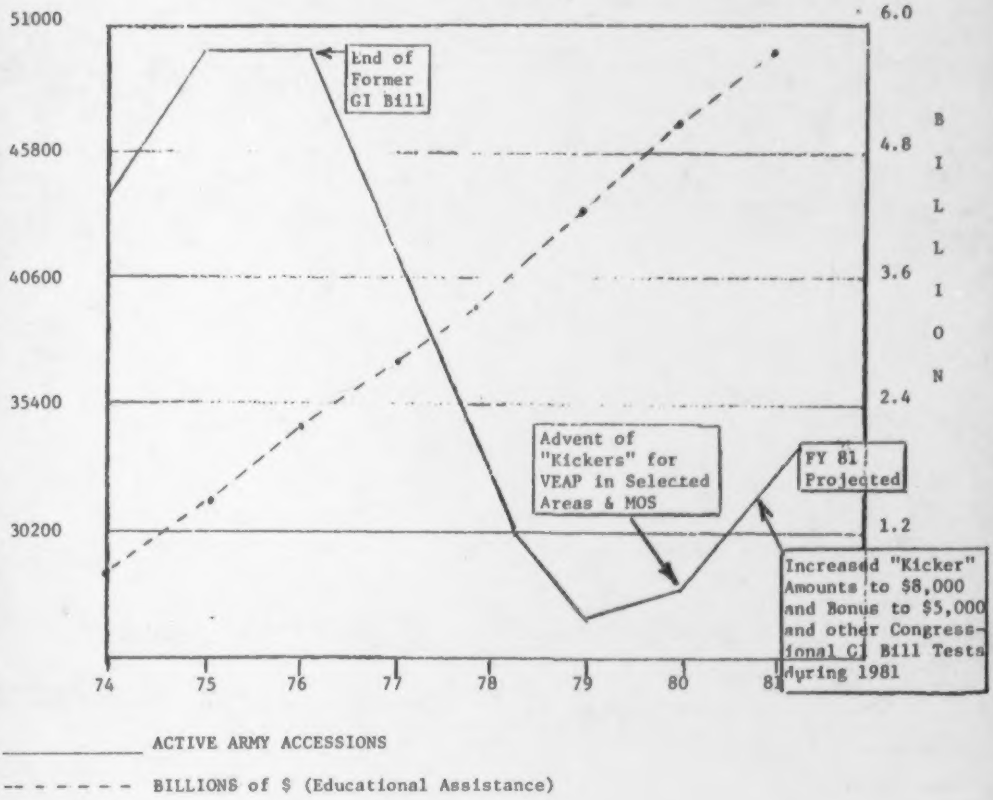
We have developed a system of educational benefits that offers more to those who do not serve their country than to those who do. In effect, we now have the GI Bill without the GI!

Despite the unwillingness of the Administration to support legislation for a GI Bill at this time, past experience and the preliminary results of the various educational recruiting incentives now being tested indicate it is now time to provide a strong educational incentive to those who would serve in our Armed Forces. A bill containing the provisions I have outlined will do just that. Without it, I ask what must be on every recruiter's mind, "What will be the strategy for obtaining quality recruits so necessary for national defense when the current educational incentive tests terminate on 30 September- just ten weeks away?"

Gentlemen, this concludes my statement. I am prepared for your questions.

NPS(M) HSDG MC I-IIIA ACCESSIONS (ACTIVE ARMY)

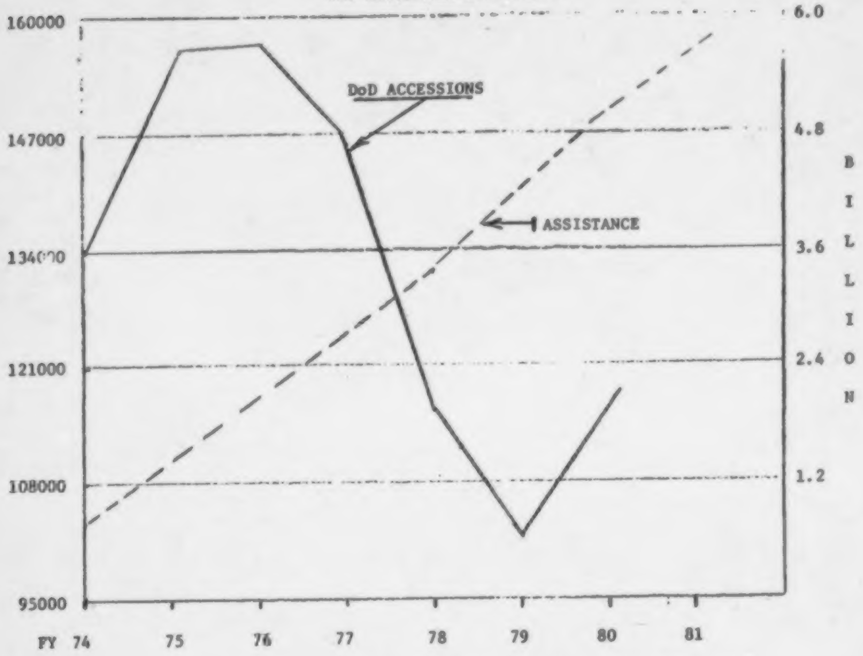
VS. EDUCATION ASSISTANCE (LOANS AND GRANTS)



NPS(M) HSDG MC I-IIIA ACCESSIONS

(ACTIVE DUTY COMPONENT TOTAL DoD)

VS. EDUCATION ASSISTANCE



Federal Government Aid to Students for Higher Education
(recipients - thousands)

	74	75	76	77	78	79	80
National Direct Student Loan(Borrowers)	680	690	764.6	795.1	808.6	861.4	861
Guaranteed Student Loan (Number)	938	991	1298	973	1085	1510	2314
Basic Educational Opportunity Grants 1/	573.4	1228	1945.4	1863	1893	2600	2608
Supplemental Educational Opportunity Grants1/	395	390	449.2	499	510	614.7	650
College Work-Study Programs 1/	570	570	696.6	845.3	852.5	972.5	980
Student State Incentive Grants 1/	733.3	813.1	701.9	1104	1161.4	1217.5	1226
	3889.7	4682.1	5855.7	6079.4	6310.5	7776.4	8631

1/ Number of recipients

Source: Department of Education:Quality Assurance Dept.

	HR 1400 (HVAC)	S5 (Warner)	S7 Thurmond
Effective Date	30 Sep 81	30 Sep 81	30 Sep 81
Service Requirement:			
-Veteran	HSG 3 yrs. w/honorable discharge	3 yrs. min. w/other than dishonorable discharge	2 yrs. w/other than dishonorable discharge
-Active Duty	2 years	3 yrs (tuition only)	2 yrs.
Entitlement:	Active Duty-1 for 1 Res. Duty - 1 for 4	-3 Active + 3 Reserve=18 mos. -4 Active + 4 Reserve=36 mos. -6 YOS(Active)=36 mos.	1½ times active duty time.
Max. Entitlement:	36 months	36 months	36 months
Complete by:	10 yrs. after final separation	6 years after discharge	10 years after discharge
Benefits:(Single,fulltime) -Monthly allowance	Basic: $300 Supplement: $300 w/3 yrs. add'l service	$300	$400
-Tuition	None	Up to $1500 yr.	None
Selective Supplement: (By Service Secretaries)	Basic and Supplement increased for critically short skills	No	No
Educational Loan:	No	No	As auth. Chap. 36 Title 38.
Transfer Benefits:	After 10 YOS and entitled to basic benefit (3YOS) to dependents. Use within 10 years.	After 16 YOS(act.) as of 30 Sep 87, to spouse/children. Use within 10 yrs.	After 8 YOS (Act.) on 30 Sep 83 to spouse/children. Use within 10 yrs.
Reserve Comp. Provisions	HSG 2 years active plus 4 years reserve w/honorable discharge	See Item 3.	After 30 Sep 81, reservist who completes 4 YOS eligible for 36 mo. @ $200. Use within 10 yrs. of eligibility.
Special Provisions:	1.VEAP/VA GI Bill cannot be received concurrently. 2.Educ. leave of absence(repay 2 mos. for 1)	Terminates VEAP.	
Funding:	Basic: VA All other: DoD	VA	VA

COMPARISON OF EDUCATIONAL ASSISTANCE INITIATIVES

S25 (Armstrong)	S26 (Pressler)	S214 (Cranston
31 Dec 80	31 Dec 76	30 Jun 81
Minimum 2 yrs. with honorable discharge.	Minimum 2 yrs. with other than dishonorable discharge.	3 yrs. active service with other than dishonorable discharge.
2 yrs. (Tuition only)	2 years	3 years
-2 YOS = 27 mos. -Add'l. benefit 1 for 1 Active Duty	Active Duty - 1 for 1	Active Duty - 1 for 1
36 months	45 months	36 months
10 years after discharge	10 years after discharge	10 years after discharge
$250	Same as Chap. 34 ($311)	$250
Up to $2500/yr.	None	None
Yes, in conjunction with contributing fund after 6 YOS; DoD matches 2 for 1.	Yes, for combat and critical specialties on 1½ for 1 after 1 Oct 81	Yes, HSG up to $13,500 (credited @$375/mo. for 3 add'l. YOS or 1 add'l. active and 4 yr. reserve contract w/honorable discharge).
As authorized, Chap. 36, Title 38.	As authorized, Chap. 36, Title 38	No
Yes, spouse and children once entitled to benefit. Use within 10 years.	After 8 YOS (active) on/after 31 Dec 78 to spouse/children. Use within 6 years.	After 10 YOS to spouse/children. Use within 10 years.
None	After 1 Oct 81, 36 mo. @ 1 for 2 with agreement to serve 4 yrs. Eligible in 6 mos.	2 YOS active, plus agreement to serve 4 add'l. in Ready Reserve. Basic entitlement.
12 mo. educational leave. Pay back 2 for 1.	Extend Chap. 36 benefits to 5 years after discharge	DoD may increase supplement amount for specific MOS.
DoD	VA	Basic: VA All other: DoD

S742 (Cohen)	S899 (Hollings)	
Date of enactment	30 Sep 81	
Enlists/reenlists for 2 yrs; honorable discharge	6 YOS (combination minimum 2 year active plus 4 reserve to 6 year active) Honorable discharge	
2 years of 6 year enlistment (9 mos. education)	1 year	
2 YOS = 18 mos. 3 YOS = 24 mos. 4 YOS = 36 mos.	1½ times active duty time.	
36 months	36 months	
10 years after discharge	10 years after discharge	
Same as Chap. 34 ($311)	-$400 for active duty entitlement -$200 for reserve entitlement	
None	None	
SecDef may add to Dependent Education matching funds for retention purposes	SecDef may expand benefits.	
No	No	
No, after 6 YOS, monthly contribution ($25-$100), maximum $6,000; matched 2 for 1 by DoD. DoD contributions deposited after 10 YOS. 36 equal payments to spouse/dependents. Use within 10 yrs.	Yes, to children. Includes Chap. 32 & 34 benefits.	
None	1 month benefit for each month reserve service.	
12 mo. educational leave without basic pay; Pay back 2 for 1		
Basic: VA All other: DoD	Basic and transfer: VA Expansion: DoD	

Senator **Cranston**. Who is next?

Mr. **Kregel**. Mr. Chairman and distinguished members of the committee, I am Vic Kregel, the national president of the Air Force Association. It is my privilege to present the views of the members of our association on the subject of an educational program for members of our Armed Forces.

The Air Force Association strongly believes that any new educational incentives program must enhance retention as well as help recruiting. The new program must not work against retention by encouraging members to leave the service to make use of their educational benefits.

The old GI bill was a strong recruiting tool; however, large numbers of people who entered the military left to use the benefits upon completion of their initial enlistment. This was offset to a degree by inservice educational programs which helped the Air Force retain quality people.

A properly designed GI bill would permit the services to compete in a critical environment for high quality high school graduates. Such a bill is essential for the Air Force to obtain well-qualified recruits and retain the highly trained NCO's and officers to maintain an effective force.

In view of the urgency and the importance of the new educational incentives program, the Air Force Association believes it should, and there are seven points:

First, be a benefit to all members of the service, both enlisted and officer; second, be noncontributory; third, provide a basic recruiting incentive tied to the cost-of-living allowance; fourth, provide a first-term retention incentive; fifth, provide a major retention incentive to midcareer personnel, specifically the capability to transfer the entitlement to the spouse or children after approximately 10 years of active duty; sixth, provide these educational benefits to members of the Selected Reserve and National Guard; and seventh permit inservice use of the educational benefits.

To be an effective incentive and retention device, the program must be available to all members of the military services and should not be limited to critical skills. Limiting the program to critical skills is universally opposed by military members.

Most accept the concept of bonuses an incentive for critical skills; however, basic benefits such as health care and education should be available across the board.

The transferability concept seems to be controversial. However, all of our information indicates that the family is playing a much larger part in determining whether a member makes the military a career or not. While it is true that most initial enlistees are single, the majority of the Air Force members who remain on active duty are married.

Recent Air Force family studies show that support from a spouse is a significant factor in the member's decision to stay in. And the experience of our association validates this information. A decision to stay in has become a family decision and a family commitment as well.

It is our opinion that legislation similar to H.R. 1400 would provide a vitally needed and a balanced program. In addition, we believe the December 31, 1989, deadline of eligibility for the Vietnam-era GI bill entitlements should be extended. Otherwise, many of the members presently on active duty will be forced to leave the service to take advantage of the earned benefits.

In conclusion sir, I wish to express our gratitude to the members of this committee for providing us the opportunity to present our views on this important legislation, and I would be happy to answer any questions you have.

Senator CRANSTON. Thank you very much.

PREPARED STATEMENT OF VICTOR R. KREGEL, PRESIDENT OF THE AIR FORCE ASSOCIATION

Mr. Chairman and distinguished members of the committee, I am Victor R. Kregel, National President of the Air Force Association. The Air Force Association is a professional organization comprised of 170,000 officer, enlisted and civilian members. It is my privilege to present their views on the subject of an educational benefit incentives program to attract and to retain people in our Armed Forces.

As we consider the future there are several major recruiting problems on the horizon. Demographers tell us that the number of 18 year-old high school graduates will decrease 20 percent by 1990. This will occur at the very same time when the military forces will be growing, and there will be increasing competition from industry and colleges for high quality high school graduates.

In addition, this competition for quality skilled/trained people will affect the ability of the Air Force to retain its mid-career NCO's and officers. The Air Force is just beginning to recover from the nearly disastrous loss of NCO's and officers and needs major incentives to retain trained people.

Complicating this problem is the expenditure of billions of dollars in federal education grants and loans to students who have no obligation for service of any kind. The drawing power of educational incentives was clearly demonstrated in 1976 where recruiting officers across the country were swamped with people trying to take advantage of the last days of eligibility for the Vietnam Era educational program. The Air Force found that with the G.I. Bill it attracted 10 percent more high school graduates than the recruits of today.

The present Veterans Educational Assistance Program (VEAP) which replaced the Vietnam G.I. Bill with a contributary system is something less than a success. The VEAP has less than a 6% participation rate dispite a concerted program to make sure than everyone eligible is aware of it. The present tests of variations of VEAP have been characterized as not likely to elicit data which is not already available, and will just delay the implementation of a key program.

The Air Force Association strongly believes that any new educational incentives program must enhance retention as well as help recruiting. The new program must not work against retention by encouraging members to leave the service to make use of their educational benefits. The old G.I. Bill was a strong recruiting tool. However, large numbers of people who entered the military, left to use the benefits upon completion of their initial enlistment. This was offset to a degree by in-service educational programs which helped the Air Force to retain quality people. A properly designed new G.I. Bill would permit the services to compete in a critical environment for the high quality high school graduates which are essential for the Air Force to succeed and to retain the highly trained NCO's and officers necessary to have an effective force. The program should be structured to provide incentives "up front" to attract young people and, in addition, must have retention incentives which are designed to encourage the retention of a substantial number of highly trained officers and NCO's.

A good retention program can assist materially in paying for the program. In 1979, the Government Accounting Office reported that 444,000 first term enlistees left the service between 1974 and 1977. The cost to the Federal Government for this loss was $5.2 billion dollars.

In addition, for those at mid-career level, especially those trained in critical specialty fields, the cost of attrition is even greater. The Air Force estimates that it costs approximately $6 million dollars to train and keep an F-15 pilot combat ready and about half of that for an F-4 or transport pilot. Highly trained NCO's are more difficult to place a dollar value on because in addition to being experts in their fields, they train new members in their career fields, and it takes 2, 3 or 4 recruits coming in to produce a well trained NCO down stream.

In view of the urgency and importance of the new educational incentives program the Air Force Association believes the new program should provide the following:

1.) A benefit to all members of the service, both enlisted and officer.

2.) Be non-contributary.

3.) Provide a reasonable basic recruiting incentive - approximately $300 educational benefits per month, for 36 months of schooling after completing three years of honorable service. The basic amount to be tied to a COLA.

4.) Provide a reasonable retention incentive - such as an increase up to approximately $600 educational benefit per month for 36 months of schooling - after completing six years of honorable service (or after completing four years of active duty and signing up for 8 years in the Selected Reserve or National Guard).

5.) Provide a major retention incentive to mid-career personnel, specifically the capability to transfer the entitlement to the spouse or children after approximately 10 years of active duty.

6.) In view of the importance of the Total Force, non-prior service members of the Selected Reserve and National Guard should be provided benefits at the ratio of two months service in the Reserve Component to be the equivalent of one month's service on active duty, for both the basic and supplemental benefits.

7.) In-service use of the educational benefits offer two years of active duty.

To be an effective incentive and retention device the program must be available to all personnel in the military services - both officer and enlisted - and should not be limited to critical skills. While most officers have degrees, the program would encourage them to obtain advanced degrees increasing their value to the service and/or to the nation. Limiting the program to critical skills is almost universally opposed by military members. Most accept the concept of using bonuses as an incentive for critical skills. However, basic benefits such as health care and education should be available across-the-board. The program should be tiered to provide an incentive for recruitment and a further incentive for additional service. The amount to be provided ($300 a month seems to be the average) should be indexed or tied to a cost of living allowance formula. Inflation is a part of everyone's life and America's youth is well aware that the $300 a month recommended now will not provide much toward college costs particularly since it will take them 2 to 3 years to earn these benefits. An automatic cost-of-living adjustment is essential if the incentive is to remain attractive.

The transferability concept seems to be controversial, since it has never been tried before. However, all our studies indicate that the family is playing a much larger part in determining whether a member makes the military a career or not. While it is true that most initial enlistees are single, the majority of the Air Force members who reenlist or officers who remain on active duty, are married - approximately 67%. Recent Air Force Family studies show that support from a spouse is a significant factor in the member's decision to stay in and the experience of our association validates them. The decision to stay in has become a family decision and a family commitment, too.

Part of the problem of "staying in" is military mobility. Military personnel average a move every two-and-a-half years. In today's environment most military wives are working to supplement the family income. Thus, a wife who wishes to continue her education reduces the family income and in almost all cases must pay expensive out-of-state tuition.

However, children are affected most by this mobility. Many families are discouraged to find that despite high Scholastic Aptitude Test scores, few scholarships are available to military children. Frequent moves and changes of schools and locations inhibits the potential for competing for scholarships. Yet their classmates, who have been privileged to live in one place, are eligible for these scholarships.

A military parent must face the painful decision of staying in the service and reducing the availability of a college education for his wife and children, or leaving for a civilian job which will enable him to provide a more stable life for his family. This is equally applicable to officers and enlisted personnel albeit for different reasons.

These decisions are usually made around the 8 - 10 year point, at a time when the realities of military vs. civilian life are most apparent. Transferability would provide the serviceman the option to remain in-service and to provide a better life for his family. We strongly support the concept of transferability!

It is our opinion that legislation similar to HR 1400 would provide a balanced program. It provides benefits for Reserve Service and the very important benefit for career personnel, the ability to take care of their family by using the transferability provisions. Without the transferability feature the "new G.I. Bill" could work against career programs in the Air Force.

In addition, we believe the December 31, 1984 deadline for eligibility for Vietnam Era G.I. Bill entitlements should be extended, as many of the members presently on active duty will be forced to leave the service to take advantage of their earned benefits.

I want to commend the committee for holding these hearings on such an important subject. It gives service members the opportunity to see that the Congress is interested in programs which are of vital importance to them.

In addition, I wish to express the gratitude of the members of the Air Force Association for providing us this opportunity to present our view on this very important legislation.

I will be happy to answer any questions you may have.

Senator CRANSTON. Colonel Perkins.

Colonel PERKINS. Mr. Chairman, I am Donald R. Perkins. I am the executive assistant for the Army, National Guard Association of the United States, sitting in this morning for our executive vice president, Major General Greenlief, who can't be with us.

I welcome this opportunity to provide the views of the National Guard Association on the subject of veterans' educational assistance, the so-called GI bill. Our association supports the concept of providing educational assistance as an incentive to improve the ability of the armed services, including the National Guard and Reserve, to enlist and reenlist more highly qualified men and women.

Although the Army National Guard has achieved a net personnel strength gain during the past 2 years, a severe manpower shortage continues to exist. Probably the most serious military manpower shortage exists in the Army's pool of pretrained military manpower, the Individual Ready Reserve or the IRR.

The purpose of the pool of pretrained manpower is to provide a source of trained soldiers to fill Active Army units, to fill Army Guard and Reserve units, and to provide Army combat loss replacements until the selective service system and the Army training base can begin to provide trained manpower.

To the extent that Guard and Reserve units can be brought to 100 percent of wartime strength, the demand for pretrained personnel can be less. However, the demand for combat loss replacements can only be met by filling the IRR. We believe the IRR can be filled only by some sort of draft or by means of incentive which will cause a greatly increased number of personnel to enlist in the Army for a period of 2 or 3 years, after which, they will complete their military service obligation in either the Selected Reserve or the IRR.

Most of the bills under consideration provide that service in the National Guard or Reserves can be counted toward qualification for basic educational assistance. Some provide an enhancement of benefits if additional service is performed in the National Guard or Reserve.

We believe such provisions are essential. Only H.R. 3997 is specifically designed to revise and expand the existing educational assistance program for members of the Selected Reserve. H.R. 3997 offers the maximum benefit of $5,040 for 6 years service in the Guard or Reserve; compared to a maximum benefit of $4,000 under current law.

One of the principal advantages of H.R. 3997 over the current program is that H.R. 3997 benefits would be an entitlement for all who perform required service; whereas, current law authorizes the Secretary of Defense to provide educational assistance for guardsmen and reservists at the Secretary's discretion and limited by the funds appropriated each year.

Educational assistance is a particularly appropriate incentive for service in the Guard and Reserve. Only in the Guard and Reserve can members take advantage of the educational assistance benefit while performing their military service.

Although many of the bills under consideration provide a benefit for Guard and Reserve service, to our knowledge only S. 26 and

H.R. 3997 permit a guardsman or reservist to begin utilizing the benefit after they have completed their initial active duty training and returned to their hometown units. Thus, only S. 26 and H.R. 3997 take advantage of the unique opportunity of guardsmen and reservists to begin and complete their education while serving as a member of the Armed Forces.

Mr. Chairman, maintenance of the personnel strength of the Guard and Reserve has always been important. It is absolutely essential to national defense that the strength of the Guard and Reserve be maintained in the All-Volunteer Force environment.

We urge that the bill which you report out include specific provisions which authorize educational assistance benefits for Guard and Reserve service as an entitlement. And that those benefits be available immediately upon the member's completion of initial active duty training.

I will be pleased to answer your questions.

Senator CRANSTON. Thank you very much.

[The prepared statement of Col. Donald R. Perkins, executive assistant for the Army, National Guard Association of the United States, follows:]

PREPARED STATEMENT OF COL. DONALD R. PERKINS, EXECUTIVE ASSISTANT FOR THE ARMY, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

Mr. Chairman, and members of the committee, I welcome this opportunity to provide the views of the National Guard Association on the subject of veteran's educational assistance -- the so-called "G.I. Bills." We understand that your committee is considering at least the ten "G.I. Bills" which have been introduced in the Senate, plus a number of bills being considered in the House of Representatives.

Our Association supports the concept of providing educational assistance as an incentive to improve the ability of the armed services, including the National Guard and Reserves, to enlist and reenlist more highly-qualified men and women. We, therefore, urge consideration of all of the several "G.I. Bills" which have been introduced. We urge that the final bill incorporate the best features of all of those bills.

As I understand it, the original post-World War II G.I. Bill, the Veterans' Adjustment Act, was established to compensate veterans for the period of their lives which they had given over to military service and which was that period during which young men and women normally have been securing their futures. The Congress sought to provide them with educational assistance and other significant benefits to prepare themselves for their post-service vocations.

Chairman Edgar of the House Veteran's Affairs Subcommittee on Education, Training and Employment has said in testimony "The payback for the G.I. Bill after world War II was $3.00 in taxes for every $1.00 invested by the Government." On that basis, we can expect that a G.I. Bill enacted now should be a no-cost incentive for service in the armed forces.

Although there is today no declared national emergency, America's military manpower problem is in an emergency situation. Young men and women who today volunteer to serve their nation on active duty are giving up time which they could otherwise devote to vocational and career development. It is, therefore, right, proper, and, in our view, essential that today's volunteers for military service should be provided educational assistance.

The records of the Committees on Armed Services and the Committees on Appropriations of both the House and Senate are replete with testimony on the manpower problems of both the active duty military forces and the National Guard and Reserve military forces.

Notwithstanding the apparent reluctance of the Department of Defense to support a G.I. Bill at this time, Army leaders provided strong arguments in support of a G.I. Bill in testimony before the Committees on Armed Services earlier this year.

As a nation, we did away with military conscription. However, we have substituted conscription by economic duress. A large segment of military enlistees join the active services because they are unable to get better jobs in civilian life. At the same time, the Government is so free with educational assistance that practically any person with the desire, attitude and aptitude for higher education -- academic or vocational -- can obtain an education by means of Government-sponsored loans. I understand that the annual cost to the Federal Government for these programs is $4.8 billion. We gather that a majority of the college-eligible people regard military service as an obstacle to the achievement of their long-range goals. A generous G.I. Bill, one that offers benefits superior to those currently inherent in Government student subsidy programs, could cause young men and women to seek military service as a way of achieving their own education and training goals.

THE NATIONAL GUARD AND RESERVE MANPOWER PROBLEM

Although the Army National Guard (ARNG) has achieved a net personnel strength gain during the past two years, a severe manpower shortage continues to exist. A similar problem exists in the United States Army Reserve. The Fiscal Year 1980 strength of the ARNG was 366,585. Although the FY80 end strength was 8,000 greater than the budgeted end strength, it was 77,400 short of the ARNG's wartime strength requirement of 444,000.

Probably the most serious military manpower shortage exists in the Army's pool of pre-trained military manpower -- the Individual Ready Reserve (IRR).

The purpose of the pool of pre-trained manpower is to provide a source of trained soldiers to fill active Army units, to fill Army Guard and Reserve units, and to provide Army combat loss replacements until the Selective Service System and the Army training base can begin to provide trained manpower.

It is estimated that between 500,000 and 600,000 pre-trained persons are required. Currently there are only about 200,000 pre-trained personnel to meet that requirement. Although the DoD estimates that the IRR will increase to about 255,000 at end FY82, the shortage is still significant, and no one knows how many IRR members can actually be identified and located. Nor does anyone know how many of those personnel are actually available for wartime service. We believe that not more than 70 percent of those people can be counted on to serve.

To the extent that Guard and Reserve units can be brought to 100 percent of wartime strength, the demand for pre-trained personnel can be lessened. However, the demand for combat loss replacements can only be met by filling the IRR. We believe the IRR can be filled only by some sort of draft, or by means of an incentive which will cause a greatly increased number of personnel to enlist in the Army for a period of two or three years, after which they will complete their military service obligation in either the Selected Reserve or the IRR.

We support the amended H.R. 1400 which has been reported out by the House Veteran's Affairs Committee and which is being considered by the House Armed Services Committee. Specifically, we support the transferability feature of H.R. 1400 and several of the Senate titles. We recognize that the transfer authority will increase the likelihood that the educational assistance will be used, thus increasing the Government's payout cost. However, only the transfer authority feature provides any incentive for highly competent non-commissioned officers to stay in service after qualification for educational assistance.

Most of the bills under consideration provide that service in the National Guard or Reserves can be counted toward qualification for basic educational assistance. Some provide an enhancement of benefits if additional service is performed in the National Guard or Reserves. We believe such provisions are essential.

Only H.R. 3997 is specifically designed to revise and expand the existing educational assistance program for members of the Selected Reserve. H.R. 3997 offers a maximum benefit of $5,040 for six years service in the Guard or Reserve compared to a maximum benefit of $4,000 under current law.

One of the principal advantages of H.R. 3997 over the current program is that H.R. 3997 benefits would be an entitlement for all who perform the required service. Whereas, current law authorizes the Secretary of Defense to provide educational assistance for Guardsmen and Reservists at the Secretary's discretion, and limited by the funds appropriated each year.

Educational assistance is a particularly appropriate incentive for service in the Guard and Reserve. Only in the Guard and Reserve can members take advantage of the educational assistance benefit while performing their military service. Although many of the bills under consideration provide a benefit for Guard and Reserve service, to our knowledge only S.26 and H.R. 3997 permit a Guardsman or Reservist to begin utilizing the benefit after they have completed their initial active duty service and returned to their hometown units. Thus, only S.26 and H.R. 3997 take advantage of the unique opportunity of Guardsmen and Reservists to begin and complete their education while serving as a member of the armed forces.

Mr. Chairman, maintenance of the personnel strength of the Guard and Reserve has always been important. It is absolutely essential to national defense that the strength of the Guard and Reserve be maintained in the "All Volunteer Force" environment. We urge that the bill which you report out include specific provisions which authorize educational assistance benefits for Guard and Reserve service as an entitlement, and that those benefits be available immediately upon the member's completion of initial active duty training.

I will be pleased to attempt to answer your questions.

Chairman **Cranston**. Mr. Beilke.

Mr. **Beilke**. Good morning, Mr. Chairman. I am Max Beilke, legislative counsel for the National Association for Uniformed Services. It is indeed a pleasure to appear before you today and present the views of my association.

Of the many bills before this committee, NAUS does not support one at the expense of any of the others. Our request is that this committee take the best feature of each bill and construct an educational assistance bill that is: First, simple and easily understood; second, it insures an entitlement to the veteran; third, it is equitable to both Government and the recipient; fourth, it is fundable over the long period; and fifth, it can stand the test of time without constant revision.

NAUS believes your bill should at a minimum include 2 years minimum service commitment, a 36-month maximum entitlement, an expiration date not longer than 10 years from the date of last discharge, honorable service, and a reasonable allowance for assistance, that it covers the Reserve and Guard personnel and that there is provision for educational leaves of absence.

As an enlisted man who was drafted in 1952 and who later enlisted in 1956 and as a beneficiary of the Korean and Vietnam GI bill, I can personally attest to its value. Without it, I would not have been able to attend college.

In closing, I must state that this committee has before them a matter of priority which is even greater than the establishment of a new GI bill. And that is the elimination of the 1989 delimiting date on the current bill.

Only yesterday I lunched with several active duty sailors. To the man, officer and enlisted alike, they told me if Congress really wants to do something for them, the removal of that delimiting date is paramount. One told me he, himself, is getting out to go to school.

This man and thousands others like him can be retained if the delimiting date is removed during this 1st session of the 97th Congress.

Mr. Chairman, that concludes my statement. Thank you very much.

[The prepared statement of Max J. Beilke, legislative counsel, National Association for Uniformed Services, follows:]

Prepared Statement
of
Max J. Beilke
Legislative Counsel

The National Association for Uniformed Services

Before the

Committee on Veterans' Affairs

U.S. Senate

July 23, 1981

Educational Assistance for Veterans

Mr. Chairman, and members of the Committee, I welcome the opportunity to present the views of the National Association for Uniformed Services to this distinguished panel.

The National Association for Uniformed Services (NAUS) is unique in that our membership represents all ranks of career and non-career service personnel and their wives and widows. Our membership includes active, retired, and reserve personnel of all seven uniformed services: Army, Navy, Air Force, Marines, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration. With such membership, we are able to draw information from a broad base for our legislative activities.

The U. S. News & World Report of June 16, 1980 quotes then VA Administrator Max Cleland:

"Unfortunately, four wars in this century have given the VA plenty to do for the rest of the century. Barring any more wars, I still see a major increase in the need for health care for aging veterans and for burial sites for former servicemen. I also see a growing need for a peacetime GI Bill, not only to better serve our veterans but to offer more of an inducement for future volunteers for the armed forces."

The value of educational benefits on the recruiting effort is best demonstrated by this quote from Army Times, March 12, 1979 from a February 1977 survey conducted by the Military Personnel Center. "The main reason soldiers join the Army is to secure veterans' educational benefits, according to an Army survey of first-term troops."

The Defense Manpower Commission (DMC) in its April, 1976 report entitled, "Defense Manpower: The Keystone of National Security," pointed out that educational opportunities for military personnel have been identified by surveys as major attractions for quality accessions. Most important are post-high school programs which include certificate level vocational and technical programs and degree programs from associate to graduate levels.

The need for a new GI Educational Assistance program is real. Support for such a program has been received from many sources. The greatest support has come from those who would be directly effected by such a program - the active duty personnel. Field hearings conducted this year by the Subcommittee on Education, Training and Employment, Committee on Veterans' Affairs, U.S. House of Representatives clearly substantiate this point.

The Administration and Department of Defense has requested Congress delay consideration of a new program until the results of their test program have been received and assessed. While awaiting this assessment, NAUS feels it prudent that Congress act now on a new GI Bill because it is doubtful the results from the current test programs will be so successful that the need for an educational assistance program will be unnecessary.

Of the various GI Bill proposals that have been introduced, NAUS does not support one at the expense of the others. We have found certain provisions in all proposals that we can support. Likewise, we have found some provisions we cannot support. Because of our membership, NAUS can only support a bill that treates all uniformed services equally.

My testimony today will focus on provisions which NAUS believes should be included in any educational assistance program Congress enacts. Regardless of the program enacted, it is imperative that such a program be fundable over a long-term. We do not want a program that will be funded for five or six years and then dropped because of cost. The program must be equitable to government and individual alike.

NAUS believes a new GI Educational Assistance program at a minimum should contain:

1. Active Duty Requirement -- Entitlement to minimum education benefits would be extended only upon completion of twenty-four months active duty. Those individuals released due to service-connected disabilities would, of course, be exempt from the twenty-four month minimum requirement. When one reviews the full value of these educational benefits, twenty-four months of service to one's country is not too excess. Additionally, with all the indication of a possible return to the draft, twenty-four months will more than likely be the period of service required of draftees. If this nation does return to conscripted service, then the nation will be obligated to extend educational benefits to these draftees.

2. Maximum Entitlement -- Thirty-six months of educational benefits should be the maximum entitlement. The basic purpose of a GI education program should be to assist the veteran in readjusting to civilian life. Most undergraduate degree requirements can be fulfilled in four school years of nine months each.

3. Allowances -- NAUS believes the computation of educational assistance allowances should follow the format and scale as currently payable under Section 1682, Title 38, USC. This format takes into consideration the number of dependents and whether the veteran is enrolled full time or less than full time. Any new GI Bill should be as its name implies, educational assistance. NAUS does not believe the intent of Congress should be to provide a free of all costs education program plus full living expenses. Full-time school attendance for all veterans is not desirable or feasible. Therefore reduced allowance for those who because of desires, employment or other aspects attend school less than full time must be included in any GI Bill.

NAUS is not advocating that the current rate as stated in Section 1682 be used because it is outdated and needs to be increased.

4. Program Completion Limitation -- A provision requiring that educational assistance entitlements be used within a specific time frame must be included. This time frame must commence on date of last discharge or release from active duty. A period of not less than six years nor more than ten should be established.

5. Honorable Service -- NAUS believes the requirement for honorable service is not asking too much of the individual. In fact it is rather easily attained. An individual has to exert considerable effort and time to be discharged or relased under less than honorable conditions. Those individuals released under less - than - honorable conditions should be denied the privilege and benefits of educational assistance.

6. Reserve and National Guard Personnel -- Special provisions must be made for these valuable total force components. NAUS defers to the expertise of those organizations with membership confined to Reserve and National Guard personnel.

7. Educational Leaves of Absence -- It is this provision upon which NAUS would like to focus its strongest support. Such absences or sabbaticals will not only lend itself to retention of quality personnel, it will allow the services to benefit directly from the educationally improved servicemember. NAUS can think of

no better return on our dollars spent on education than to return this individual to active duty. The improved retention factor plus a more highly qualified and motivated individual extends an immediate and direct benefit to the services. Our military academies and ROTC programs attest to that factor.

Educational leave of absences should be restricted to those enlisted grades of E-5 and above and commissioned officer grades of O-4 and above. This benefit should be restricted [illegible] warrant officers in the grade of W-3 and W-4, and W-1 and W-2's with five or more years active duty as an enlisted member.

Educational leave of absences should be granted only to those who have completed not less than five years of continuous active duty, and not more than fifteen years. The maximum period of entitlement should not exceed twenty-four months, to be taken in either one twenty-four month period or two twelve month periods. Individual's should be paid current basic pay during this period but not basic allowances for quarter or subsistence or other special and incentive pay. Individuals would be entitled to use GI Educational Assistance benefits authorized by Title 38 if so desired.

Upon completion of education program, individual would be obligated to complete two months of active duty for each month absent. In the event the individual elects a twelve month absence, obligated active duty requirement must be satisfied before a second twelve month absence would be authorized.

Periods of absence would be counted for promotion and retirement purposes. If eligible, individual could be promoted during such leave of absences.

Travel pay and dislocation allowance would not be payable either upon commencement or completion of absence. Upon completion, individual would return to last duty station for assignment or reassignment if appropriate.

Application for leave of absence should be approved by Secretary of service concerned only upon favorable recommendations by the individual's immediate unit commander and commander with General Courts Martial jurisdiction. Approval should be based on needs of the service, potential of individual to complete the course of study, and relevance of such study to the service concerned.

Secretaries should also have the authority to cancel leave of absence due to Presidential or Congressional declaration of war or national emergency or due to individual gross misconduct or unsatisfactory performance in program of education being pursued.

Individuals who entered the service, or commenced active duty January 1, 1977 or later should be eligible for this entitlement. Such a retro-active provision would entitled a few current active duty personnel to be eligible for this benefit January 1, 1982. This provision would help retain some of the much needed middle-level non-commissioned and petty officers, warrant and commissioned officers that are now leaving the service.

That portion of a new GI Educational Bill pertaining to readjustment and which rewards an individual for honorable service should be funded by the Veterans Administration. That portion designed to recruit and retain personnel should be funded by the appropriate department. The Veterans Administration should be charged with overall administration of the program.

Before closing, I would be negligent if I failed to mention or solicited your support to remove the 1989 delimiting date of the current GI Education Bill set forth in Section 1662, Chapter 34, Title 38.

The current delimiting date is serving as a disincentive. This was clearly pointed out by Rear Admiral Hogg, Director of U.S. Navy Military Personnel and Training Division, Office of the Chief of Naval Operations in his statement before the Subcommittee on Manpower and Personnel of the Senate Armed Services Committee on Military Compensation, on March 18, 1981. Admiral Hogg's statement in part reads:

"With respect to educational benefits, the termination of the Vietnam era GI Bill benefits is serving as a disincentive to service for the career force. Because the benefits will terminate on 31 December 1989, service members who entered active duty after 1969 must leave active duty prior to twenty years of service in order to benefit. Forty-one percent of our third term personnel leaving the Navy at this time, rank 'to keep from losing my GI Bill Benefits' as one of the most important factors in their separation decision. The expiration date is not only costly to the Navy in terms of lost skill and experience of those who leave, but it unduly penalizes those who choose to serve their country. I consider the extension of the GI Bill benefits as an important prerequisite to improved career retention."

If removal of the delimiting date keeps half of that forty-one percent in the service, the action would have to be considered successful. The longer Congress delays, the greater number of qualified people will have left the military service simply to use their benefits. Congress must decide how much longer they want this exodus to continue. The number of vacancies in critical skills increases each day.

On March 17, 1981 the U.S. Coast Guard testified before the Subcommittee on Education, Training and Employment, Committee on Veterans' Affairs, U.S. House of Representatives that the 1989 delimiting date was the biggest disincentive to a Coast Guard career.

The "Educational Incentives Study" published by the Office of Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) on February 9, 1980 also addressed the 1989 delimiting date.

Chapter 2 of this study contains the remark:

"Since the inception of the All-Volunteere Force (AVF) ongoing and proposed Defense educational incentives have been evaluated against the following criteria:

1. ...
2. ...
3. ...
4. ...
5. The incentive should not require the recipient to leave the military in order to obtain the benefits, and it should be compatible with other recruitment or retention incentives."

One of the U.S. Air Force's recommendations to this study was:

" (5) The current 1989 delimiting date on the use of GI Bill education entitlements should be extended to 10 years after retirement or separation, or 1989, whichever is later."

One of the U.S. Navy's comments in that same study was:

"Since all benefits under the GI Bill terminate in 1989, the year 1985 may be critical for the services. Personnel who enlisted prior to 1 January 1977 are not eligible for VEAP. Many career oriented personnel desiring to take advantage of the educational benefits of theGI Bill, who would not reach eligibility for retirement until after 1989, may be influenced by this and leave the service. The results of a survey taken of 1314 enlisted personnel separating in 1979 showed that 'to keep from losing GI benefits' was among the top ten factors affecting career decision. One-third of those surveyed ranked this factor as 'extremely important'. Therefore, the Navy strongly recommends that the 1989 termination date for the GI Bill be extended indefinitely to cover eligible career personnel who entered the service prior to 1977".

If this Congress is sincere in its efforts to make the All-Volunteer Force a success, removal of the 1989 delimiting date would be a positive step in that direction.

In closing I want to again thank you for your attention and the privilege to appear before you and present the views of NAUS.

I am prepared at this time to respond to questions.

Senator **Cranston**. Mr. Harlow.

Mr. **Harlow**. I am Donald Harlow, the executive director of the Air Force Sergeants Association. On behalf of the 157,000 members of our association and their dependents, I am grateful for this opportunity to briefly express our position on a veterans educational assistance program to replace the GI bill.

The need for such a program was aptly expressed by Congressman Bob Edgar, chairman of the House Veterans' Affairs subcommittee. He said:

> Judging from past experience with the GI bill, for every dollar invested in an education program, the Federal Government has received three in return from higher taxes paid by those who have received that education.

I might also add that many Members of the U.S. Congress obtained their college degree through the GI bill. While my statement for the record provides the specific features we feel should be included in an educational assistance program, we must also inform this distinguished body of our requesting legislation extending the present cutoff date of the GI bill for those caught in the middle of their career when the veterans educational assistance program—VEAP—was implemented. We did suffer the loss of some of our highly experienced enlisted people who decided to get out of the Air Force and take advantage of their GI bill entitlement. While we compliment all Members of the Congress who have submitted bills for a new, noncontributory educational assistance program, our statement is directed toward the provisions of H.R. 1400, introduced by Congressman G. V. "Sonny" Montgomery, the distinguished colleague in the House.

Whatever bill is finally reported out of this committee, it must be simple, equitable, noncontributable and one that will not be constantly changed except perhaps for the supplemental educational assistance based on economic practice.

We would oppose such a program being utilized for the sole purpose of retaining only those possessing critical skills. Regardless of the skills and/or technical ability of some of our people, it takes the entire team effort—those in support roles as well as the middle managers and leaders—to successfully fulfill mission requirements.

Additional pay or bonuses should be utilized for those possessing critical skills the services need in the career force, not the educational assistance program.

While the transferability of educational benefits to the spouse or children is a somewhat unique and quite popular feature of H.R. 1400 and other bills, will the cost of the feature eventually require the Congress to eliminate it from the program? If that be the case, then once again such a move would be perceived as being another erosion of benefits.

The Air Force Sergeants Association has continually seeked legislation to enhance the attractiveness in our Guard and Reserve Forces; therefore, our statement contains the features of H.R. 3997 which is a fair and equitable educational program for those who greatly need to bolster our total force.

In closing, Mr. Chairman, we realize that in today's environment any educational bill will be more costly. However, if such a measure will in fact greatly enhance the ability of our armed services to recruit good people and retain those highly qualified enlisted men and women needed in our career force, then it will be money well spent.

I thank you for this opportunity and stand ready to respond to questions.

[The prepared statement of Donald L. Harlow, executive director, Air Force Sergeants Association, follows:]

PREPARED STATEMENT OF DONALD L. HARLOW, EXECUTIVE DIRECTOR, AIR FORCE SERGEANTS ASSOCIATION

Mr. Chairman, distinguished members of the committee:

I am Donald L. Harlow, Executive Director of the Air Force Sergeants Association, which represents 157,000 enlisted men and women and their dependents.

The opportunity to come before this distinguished committee on a most important issue is deeply appreciated as next-to-adequate pay and educational opportunities are a most attractive feature in recruiting the high quality young men and women needed in today's Armed Services.

The sincere interest by members of the Congress in providing some type of educational program to replace the current G. I. Bill is quite obvious by the number of such bills introduced in both the House and the Senate. While all such bills contain varying provisions designed to obtain and retain essential manpower resources for our military services, the crux of the matter is to come up with one all inclusive bill that will fulfill the stated goals and objectives, while at the same time be cost effective. My testimony is designed to provide comments which hopefully will contribute significantly to the final deliberations and recommendations of your committee.

Losses to our military services upon passage of the public law which terminated the highly successful G. I. Education Bill as of Dec. 31, 1989, were significant.

Although the newly established Veterans Educational Assistance Program (VEAP), was designed to be a less costly substitute for the G. I. Bill, it has proven to be a failure.

Our association has submitted letters to members of the Congress requesting an extension of the G. I. Bill for those who were in the career force and were looking forward to the opportunity of completing their educational pursuits upon retirement. We still seek Congressional support for an extension of the current G. I. Bill to fulfill what many consider to be an obligation on the part of the government when they enlisted and reenlisted in a branch of the Armed Services.

The various test programs approved by the 96th Congress were done in all good faith in an attempt to determine just what was needed to implement a replacement program for the G. I. Bill. We question, however, the ability of any one-year test program or programs providing any significant trend upon which to establish a sound, economic educational program to aid in resolving our manpower problems.

In my previous testimony, I stated that our association has been concerned over the billions of dollars made available to young men and women of America, who have obtained guaranteed loans and/or grants to attend colleges and universities, yet have no obligation to serve this nation in any of our military services. Many of these same students, who are now graduates and are working in the mainstream of the business world, have either failed or refused to repay such educational loans. As Dr. Charles C. Moskos, a military sociologist, stated in his testimony on March 25, 1981, "In effect, we have created a G. I. Bill without the G. I."

We are aware of a change to the Educational Loan Program being included in the 1982 budget reconciliation bill and hopefully the final decisions associated with the program will not be counter-productive to the acquisition of the needed manpower for our military services, who can, if desired, obtain the higher educational degree through service in our Armed Forces.

In response to your letter of invitation, I will confine my remarks to H. R. 1400 and H. R. 3997, introduced by your distinguished colleague in the House of Representatives, Chairman of the Committee on Veterans Affairs, The Honorable G. V. "Sonny" Montgomery.

H. R. 1400:

We certainly agree that to be eligible for the maximum 36 months of educational benefits, an individual must complete his or her initial enlistment obligation and receive an honorable discharge.

In providing essential manpower resources for Guard and Reserve, serving a minimum of 3 years active duty, or 2 years active duty and 4 years in the Selected Reserve must also be the minimum requirement.

The entitlement to a maximum of $300 per month supplemental educational assistance is essential and should be adjusted as required. To encourage longer service, increasing the supplemental assistance to $600 per month for those serving for a period of six years on active duty is a most attractive and important retention feature.

In respect to the provision of H. R. 1400 authorizing the Service Secretaries to establish a higher supplemental assistance rate for those possessing a speciality where a shortage exists within the particular service, we question the feasibility of such an authorization. In the past, we have found that additional pay has been directed to critical skills where a shortage existed. However, as soon as sufficient personnel were obtained to adequately man the critical specialty, the additional pay was stopped. This on-again off-again additional pay program impacted upon the morale of those involved. In many instances, people cross-trained to enhance their promotional opportunities. Due to the limitation of the number of personnel authorized in each of the enlisted grades, such opportunity for promotion was disappointedly low or in some instances non-existent.

Instead of increasing the supplemental educational assistance for those possessing or cross-training in a critical shortage specialty, it would appear more logical to provide an additional specialty pay which they would continue to receive as long as they performed successfully in that needed specialty. In other words, such pay would be based on the ability of the individual to fulfill the technical requirements of the specialty, and not be associated with the supplemental educational assistance.

The opportunity for an individual to transfer his or her educational benefits to the spouse or child after serving a minimum of 10 years of active duty is a new and rather popular feature of the bills under consideration. While the Air Force Sergeants Association fully endorses any and all features of an educational assistance program that will enhance recruitment and retention of the highly qualified men and women for our Armed Services, careful consideration must be given now to the cost of the final measure passed.

If, for instance, the cost associated with the transferability of educational benefits would necessitate the removal of that feature of the bill some time in the foreseeable future, it would be perceived by many to be another erosion of benefits especially by those who remained on active duty for that specific feature of the program.

H. R. 3997:

Our association has always been concerned with the vital role the Guard and Reserve play in our total force commitments. Once again, we oppose the discretionary authority resting with the Department of Defense for educational programs for members of the Guard and Reserve; therefore, we fully support the provisions of H. R. 3997 as being an entitlement program for those we sorely need within our Guard and Reserve units.

To help solve our recruitment and retention problems of the Guard and Reserve, we consider the following features of H. R. 3997 to be the minimum essential.

The individual to be a high school graduate or to hold an equivalency certificate.

Completion of initial active duty training and completion of 180 days in a Selected Reserve unit before benefits could be utilized.

The individual to agree to serve a minimum of 6 years in the Selected Reserve after September 30, 1981.

Terms of the program include payment for up to 36 months of $140 a month for full-time studies, $105 a month for 3/4 time, $70 a month for 1/2 time, and up to $35 a month for 1/4 time. The bill would limit study to institutions of higher learning or non-college, post-secondary study. Educational assistance would terminate upon separation from the Selected Reserve. Should a participant fail to participate satisfactorily in training, he or she may be ordered to active duty for the remainder of the obligated period of service, but not for more than 2 years, or be required to refund a pro-rata share of the assistance used, plus interest.

SUMMARY:

In closing, I have taken excerpts from Chairman Nichols' testimony of March 25, 1981. Active duty military personnel, recruiters and others having a real understanding of the importance of a bill to replace the current G. I. Bill told Mr. Nichols the following:

"Give us a new G. I. Bill. Make it simple, easy for recruiters to explain, and recruits to understand. Make it equitable. Use pay incentives and bonuses for critical skills, but education should be across-the-board. Make the benefit levels high enough to be meaningful, but not too high to force people out of the system to use that benefit. Make the G. I. Bill permanent," they said, "It is time to stop switching signals on the education benefits for the all volunteer force." And, above all, they said, "We need this recruitment and retention tool now."

Senator CRANSTON. Mr. Nolan.

Mr. NOLAN. Mr. Chairman, I am Robert W. Nolan, national executive secretary of the Fleet Reserve Association, representing 148,000 sea service personnel. With your permission, I will summarize the key points of my statement and submit my full statement for the record.

My testimony is based on the views of over 200,000 active duty enlisted personnel of the sea services. These views were gathered at the FRA's GI bill forum in San Diego on March 21, 1981, when 39 enlisted witnesses testified on behalf of their contemporaries.

The forum was cosponsored by U.S. Representative Duncan L. Hunter and the Fleet Reserve Association. The witnesses adamantly stated that the veterans educational assistance program—VEAP, Public Law 94-502—is a dismal failure, and they fully support the following provisions as the basis for a new GI bill.

On eligibility, they believe all military personnel who remain in or enter the Armed Forces and complete a minimum of one enlistment of honorable service and who are eligible for reenlistment should be eligible. The only exception would be for personnel released because of a military disability with an honorable discharge.

The witnesses stated it is only equitable and absolutely necessary to provide GI bill benefits to persons serving a combination of active duty and Selected Reserve or National Guard service under lengthier terms to maintain the desired strength of the Guard and the Reserve.

The witnesses were absolutely opposed to granting GI bill benefits to persons separated administratively under, honorable conditions or discharged dishonorably.

The witnesses were unanimous that the new law must have a stipulated limiting date after the service member's last discharge or release from active duty, thus avoiding the problem of the limiting date of the Vietnam-era GI bill.

They were unanimous that the service members who qualified under the cold war GI bill and who subsequently qualify under the new law have the option of electing benefits under one of the two laws.

The vast majority of the witnesses believed the new law should be retroactive to January 1, 1977. They recommended and supported a noncontributory entitlement program. They adamantly opposed the linking of educational benefits to military skills. They believe critical skill retention can be achieved more economically by other means, causing less dissension in the ranks.

All witnesses stipulated that an educational program be monitored accurately to assure participating members are maintaining strict academic standards, thus protecting and preserving the program's scholastic integrity. The witnesses stated there would be no real retention incentive without a transferability option whereby military personnel may transfer their own education benefits to their dependents. They believe the option authority should remain with the individual and should be earned after 10 years of military service for those who choose a military career.

Mr. Chairman, as you are aware, the House Veterans' Affairs Committee has favorably reported H.R. 1400 to accomplish this. The provisions of H.R. 1400 closely parallel the enlisted views;

therefore, the Fleet Reserve Association commends and fully supports the provisions of H.R. 1400 to this committee.

We sincerely appreciate the opportunity to express these views to you today, and on behalf of my 148,000 shipmates and their families, I thank you.

Senator CRANSTON. Thank you.

[The prepared statement of Robert W. Nolan, national executive secretary, Fleet Reserve Association follows:]

PREPARED STATEMENT OF ROBERT W. NOLAN, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

INTRODUCTION

Mr. Chairman and members of this distinguished Committee, I am Robert W. Nolan, National Executive Secretary of the Fleet Reserve Association. The FRA is a service organization comprised of 148,000 enlisted personnel and commissioned officers with prior enlisted service of the U. S. Navy, Marine Corps and Coast Guard. As a retired Navy Chief Petty Officer, it is my privilege to present their views on the subject of an educational benefits program to attract and retain personnel in our nation's Armed Services.

My testimony today is unique in that it is based directly upon the views expressed by rank and file active duty personnel. The FRA has actively solicited these views by (1) cosponsoring a "G.I. Bill Forum" with U.S. Representative Duncan L. Hunter in San Diego, California on Saturday, 21 March 1981 and (2) corroborating the information we received from the forum's thirty-nine public witnesses by conducting direct mail surveys of over five thousand active duty personnel.

THE G.I. BILL FORUM

The G.I. Bill Forum was conducted by the Fleet Reserve Association and U. S. Representative Duncan L. Hunter to learn what personnel, who would directly benefit from the enactment of such a law, believe will attract and retain military personnel. It was a public forum to which active duty enlisted personnel were invited to appear and testify in the manner Congressional witnesses are appearing here today.

In preparation for the Forum, 6,000 copies of the attached "G.I. Bill Forum Testimony Guide" were distributed to the Navy's Command Chief Petty Officers and Career Counselors, the Marine Corps Command Sergeants Major and the Coast Guard's Command Enlisted Advisors in the greater San Diego area. This enabled military personnel to know what proposals the U. S. Congress is considering and allowed them to intelligently prepare for their appearance before the G.I. Bill Forum panel.

The coordination and scheduling of witnesses was accomplished by local FRA members.

The Forum's panel was composed of U. S. Representative Duncan L. Hunter, Dr. Glenn Beardmore, Vice President of Administration of National University, Dr. Patricia A. Watson, Director of Academic Services of the University of San Diego and myself. Mr. Robert Emmerichs, a professional staff member of the House Committee on Armed Services, was present as an observer.

The panelists received the views of thirty-nine witnesses. The witnesses ranged from persons in pay grade E-3 with three years of service through pay grade E-9 with thirty years of service. In almost every case, each witness was serving as the spokesman for his contemporaries in his military unit. Thus, he expressed the views of a ship's crew, an air wing, a battalion or command. Over 200,000 enlisted personnel were represented by the testimony received.

THE PERCEPTION OF THE VETERANS' EDUCATION ASSISTANCE PROGRAM ("VEAP"), P.L. 94-502

All witnesses testified the "VEAP" was a dismal failure as an educational incentive program. They did not believe its latest improvements would improve its acceptability by the troops. Several Navy career counselors testified that the only time a service member contacted them regarding VEAP was for the purpose of withdrawing from the program. They set the percentage of personnel who continue participation in VEAP at about five percent. One of the witnesses classified the improvements in the VEAP as "a band aid approach". In answer to the question, "What motivated you to participate in VEAP?", Personnelman Third Class J. A. Valdez, U.S.N. of the Naval Air Station at Miramar replied, "It is better than nothing, sir." The audience of 200 military personnel applauded his answer.

G.I. BILL BENEFITS ELIGIBILITY

All thirty-nine witnesses fully supported an educational benefits incentive program based on a two-tiered concept for initial enlistees and careerists. The eligibility provisions they stipulated the new law should have are:

1. All military personnel who remain in or enter the Armed Forces and

complete a minimum of one enlistment of honorable service and who are ELIGIBLE FOR RE-ENLISTMENT; the only exception would be for personnel released because of a military disability with an honorable discharge.

2. The witnesses stated it only equitable and absolutely necessary to provide G.I. Bill benefits to persons serving a combination of active duty and Selected Reserve or National Guard service under lengthier terms to maintain the desired strength of the Guard and Reserve.
3. The witnesses were absolutely opposed to granting G.I. Bill benefits to persons separated administratively "under honorable conditions" or dishonorably discharged.
4. The witnesses were unanimous the new law must have a stipulated limiting date after the service member's LAST discharge or release from active duty thus, avoiding the problem of the limiting date of the Vietnam Era G.I. Bill.
5. The witnesses were unanimous that service members who qualified under the Cold War G.I. Bill and who subsequently qualify under the new law have the option of electing benefits under one of the two laws.
6. The majority of the witnesses believed the new law should be retroactive to 1 January 1977.

EDUCATIONAL BENEFIT PROVISIONS

The witnesses were of the unanimous opinion that a two-tiered program with benefits based on progressive length of service offered the best basis for attracting and retaining service personnel. The following are the main points of their testimony:

1. They recommended and supported a non-contributory entitlement program.
2. They adamantly opposed the linking of educational benefits to military skills. They believe critical skill retention can be achieved more economically by other means, causing less dissension in the ranks.

3. The witnesses believed that maximum benefits should be earned in ten years of military service.
4. All witnesses stipulated that an educational program be monitored accurately to assure participating members are maintaining strict academic standards thus, protecting and preserving the program's scholastic integrity.

THE TRANSFERABILITY PROVISION

The transferability provision whereby a service member could transfer his unused education benefits to a legal dependent was the most popular provision of a G.I. Bill. The overwhelming majority of the witnesses testified there would be no real retention incentive without the transferability option. The few witnesses who opposed the provision stated they feared the ultimate cost of the provision may harm the chances of a new G.I. Bill being enacted. All witnesses were in complete agreement that the option of transferability of benefits should be left to the service member and not the respective local courts. All witnesses were of the opinion the transferability option should only be earned after a minimum of ten years of service for those who choose a military career.

OTHER PROPOSED OPTIONS

The witnesses expressed solid support for the other options contained in the various bills such as the pre-service educational entry program and education loan forgiveness in return for a specified period of military service obligation.

IN-SERVICE EDUCATIONAL PROGRAMS

Every witness had praise for the various in-service education programs and believed such programs should be better publicized and strengthened. However, the Navy witnesses emphasized the majority of such programs are of little value to the Sailor while he is serving aboard ship, in a submarine or deployed in an aircraft wing. The programs' maximum benefits are attained largely during tours of shore duty. In regards to the dollar value of In-Service G.I. Bill benefits, the witnesses stressed that such benefits should be paid in the same amounts and manner as is paid to the separated veteran.

FRA'S DIRECT MAIL SURVEY ON THE G.I. BILL

After completing the G.I. Bill Forum in San Diego, the FRA conducted a mail survey on the views the Forum witnesses expressed. The survey went to a valid statistical sampling of over 5,000 active duty personnel. The replies we received corroborated what we had learned at the G.I. Bill Forum. I wish to add that the House Veterans' Affairs Subcommittee, chaired by U. S. Representative Robert W. Edgar, held field hearings on the G.I. Bill issue in Norfolk, Virginia and Boston, Massachusetts and received public testimony that duplicated our findings. Therefore, we feel that our findings on what will attract and retain enlisted personnel in military service are valid.

CONCLUSION

Mr. Chairman, the Fleet Reserve Association fully supports the philosophy of offering young Americans an education in exchange for military service. Experience has proven the G.I. Bill to be one of the most effective programs initiated by our government. We are confident that it can be successful in attracting and retaining desired personnel for our Armed Forces.

As you are aware, the House Committee on Veterans' Affairs has favorably reported H.R. 1400 to accomplish this. In view of the fact the provisions of H.R. 1400 so closely parallel the views of enlisted personnel, we feel such a measure has the basis to fully succeed in attracting and retaining the needed personnel in our Armed Services. Therefore, the Fleet Reserve Association commends and fully supports the provisions of H.R. 1400 to this distinguished Committee.

We sincerely appreciate the opportunity to express these views today. On behalf of my 148,000 shipmates and their families I thank you.

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SOUND OFF TO CONGRESS!

via the U.S. Rep. Hunter/FRA G.I. Bill Forum!

U.S. Rep. Duncan Hunter (R-Calif.) Announces a

G.I. BILL FORUM

to learn the Active Duty Personnel's views regarding
a peacetime G.I. Bill which will
attract and retain personnel in the Armed Forces

AND

He invites all Active Duty Enlisteds in San Diego to
SOUND OFF TO CONGRESS by testifying before

THE G.I. BILL FORUM PANEL

0900-1630, Saturday, 21 March 1981
TOWN AND COUNTRY HOTEL, 500 HOTEL CIRCLE
SAN DIEGO, CALIFORNIA

ROBERT W. NOLAN
National Executive Secretary
Fleet Reserve Association

U.S. REP. DUNCAN HUNTER
42nd U.S. Cong. Dist. of Calif.
House Armed Services Committee

BOB WILSON
Retired U.S. Rep.
San Diego, Cal.

All views received will be reported to the U.S. Congressional Committees
considering the enactment of a G.I. Bill
and to all Members of the U.S. Congress.

TAKE THIS OPPORTUNITY TO STATE YOUR VIEWS!

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FLEET RESERVE ASSOCIATION
Representing Enlisted Sea Services Personnel Before Congress
1303 NEW HAMPSHIRE AVE., N.W., WASHINGTON, D.C. 20036

PRESS RELEASE

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via the U.S. Rep. Hunter/FRA G.I. Bill Forum!

FOR IMMEDIATE RELEASE 2 March 1981

U.S. REP. DUNCAN HUNTER ANNOUNCES A G.I. BILL
FORUM FOR ACTIVE DUTY IN SAN DIEGO ON 21 MARCH 1981

"I want to hear the views of enlisted personnel about which provisions they believe will assure a successful new peacetime G.I. Bill which will effectively attract and retain young Americans to serve in our Armed Forces", U.S. Representative Duncan Hunter stated today.

"The Fleet Reserve Association and I are co-sponsoring an open forum on the subject from 9 a.m. to 4:30 p.m., Saturday, 21 March 1981 in the Town and Country Room of the Town and Country Hotel, 500 Hotel Circle, San Diego, California. The FRA is the largest and most effective military enlisted personnel lobby on Capitol Hill. We invite all active duty personnel of all Services in San Diego to attend and present their views in public testimony", the Congressman explained.

"As a member of the House Committee on Armed Services, I feel a special obligation to represent our Service personnel to the best of my ability. Therefore, I believe their ideas and opinions on the vital issue of a peacetime G.I. Bill should be solicited. I want to learn what educational benefits they feel will attract and retain qualified personnel. What mix of military service for educational benefits they deem to be fair? Should they have the option of transferring their earned education benefits to their dependents? Should equal benefits be granted for Reserve service? How much time after release from service should be granted to pursue their education?

"These are important questions which must be resolved equitably. The U.S. Congress must have the views of the people who will be most affected by the legislation - our enlisted personnel. Through this G.I. Bill Forum, we will learn these views and present them in Congress", Congressman Hunter promised.

"I have informed the senior military commanders in the San Diego area of the Forum and have solicited their cooperation. The Fleet Reserve Association is coordinating the details of the forum with the Navy's Command Master Chief Petty Officers and Career Counselors, the Marine's Command Sergeants Major and the Coast Guard's Senior Enlisted Advisors. Active duty personnel desiring to testify at the Forum should contact the above named senior enlisteds", Congressman Hunter explained.

U. S. Rep. Hunter, of California's 42nd U.S. Congressional District, stated he was confident his G.I. Bill Forum will prove to be a total success and will help the Congress to draft and enact a meaningful peacetime G.I. Bill.

The Fleet Reserve Association is a service organization comprising 148,379 career enlisted personnel, active duty and retired, of the U.S. Navy, Marine Corps and Coast Guard. It has effectively represented Sea Service personnel on personnel legislation since 1924. FRA's advocacy initiated the legislation resulting in the establishment of CHAMPUS and the military Survivor Benefit Plan. The Association contributed significantly to the passage of the Nunn-Warner Amendment, the 11.7% military pay raise, the Variable Housing Allowance, the new Sea and Submarine Duty Pay Plans and other compensation benefits last year.

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FOR ADDITIONAL INFORMATION CONTACT:

WASHINGTON, D.C.	SAN DIEGO, CALIFORNIA
Robert W. Nolan	Reid A. Berga
National Executive Secretary	FRA Branch 289
(202) 785-2768	(714) 424-3696

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via the U.S. Rep. Hunter/FRA G.I. Bill Forum!

G.I. BILL FORUM TESTIMONY GUIDE

U.S. Representative Duncan Hunter (R-CA), of California's 42nd U.S. Congressional District (a portion of San Diego and Chula Vista), and the Fleet Reserve Association are co-sponsoring a G.I. BILL FORUM to learn what the views of enlisted personnel are regarding the provisions of a new peacetime G.I. Bill. The open forum will be held in the Town and Country Room of the Town and Country Hotel, 500 Hotel Circle, in San Diego, California from 0900 to 1630 on Saturday, 21 March 1981. The Forum will consist of volunteer active duty personnel presenting testimony to a Panel on what provisions of law should be in a successful and effective peacetime G.I. Bill.

The Panel will consist of U.S. Representative Duncan Hunter, former U.S. Representative Bob Wilson, the Fleet Reserve Association's registered lobbyist, National Executive Secretary Robert W. Nolan, U.S.N. (Retired), and recognized experts in the field of education.

The Panel will be soliciting active duty personnel's opinions on such questions as:

1. What educational benefits do you feel will attract and retain qualified personnel in our Armed Forces?

2. What mix of military service for education benefits would you deem to be fair?

3. Should you have the option of transferring your earned education benefits to your dependents?

4. How much time after release from active duty should be granted to pursue an education?

5. Should equal education benefits be granted for Reserve service as for active duty service?

U. S. Representative Duncan Hunter is a member of the U.S. House of Representatives' Committee on Armed Services. He is also a member of the House Armed Services Subcommittee on Military Personnel and Compensation which will pass on the provisions of a peacetime G.I. Bill. Therefore, your views will be presented to that Subcommittee during its deliberations on the subject. You are invited to attend the forum on 21 March 1981 and especially invited to present the views of your Shipmates on this key legislation.

To assist you in preparing for your appearance before the G.I. BILL FORUM we have attached a brief analysis of the current eight bills which have been introduced in the House and Senate to establish a new G.I. Bill. Please review their provisions and see how they differ. Very possibly, you may believe a law should be enacted that contains provisions from each of these bills. Please give us your thoughts and the rationale for the provisions you deem important.

We suggest to you that you choose one witness to represent your ship, station or base and present the testimony. In this manner, we can make the most of the limited time available and the panel can hear the maximum number of witnesses. Please use the attached testimony guide in preparing your testimony in advance. You will turn your statement in to Congressman Hunter at the completion of your testimony, it will serve as a reference for him when he returns to the Congress. You may wish to make a copy of it for yourself to keep. Your prepared statement should not exceed four 8 1/2" x 11" sheets of paper typed double-spaced on one side only with normal margins. Please keep your statement brief and concise so as to assure there will be ample time for the Panel members to discuss the points of your statement with you.

You should begin your statement before the G.I. Bill Panel by stating your name, rate or grade, Branch of Service, years of service, present duty station and billet and the organization or group you are representing as outlined in the spaces provided on the next page.

Please restrict your testimony to the subject of a new peacetime G.I. Bill. The Panel's time is limited and the issue of G.I. Bill legislation will be acted on by the Congress early this year and U.S. Representative Hunter desires your input now so that he may act in your behalf when he returns to Washington, D.C.

Congressman Hunter and the Fleet Reserve Association sincerely thanks you for your attendance and participation in their G.I.BILL FORUM.

In Loyalty, Protection and Service,

Robert W. Nolan

ROBERT W. NOLAN
National Executive Secretary

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SOUND OFF TO CONGRESS!

via the U.S. Rep. Hunter/FRA G.I. Bill Forum!

STATEMENT TO THE G.I. BILL FORUM PANEL

NAME______________________________RATE__________

BRANCH OF SERVICE______________YEARS OF SERVICE__________

DUTY STATION______________________________________

BILLET______________________REPRESENTING NO. OF PERSONNEL__________

ANALYSIS OF G.I. BILL LEGISLATION

	ELIGIBILITY	TUITION	STIPEND	SUPPLEMENTAL STIPEND	TRANSFERABILITY	RESERVES	DELIMITING	FUNDING
S-25 U.S. Sen. William Armstrong (R-CO)	After 24 months = 27 months assistance. For each month thereafter = 1 month assistance. Max 36 months.	Full cost to max of $2,500 per year.	$250 per month	After six years, contributory program matched on a 2 to 1 basis. Max of $36,000.	Contributory program transferable to spouse or children.	NO	10 years from discharge or release from active duty.	Department of Defense
S-26 U.S. Sen. Larry Pressler (D-SD)	After 24 months = one for one assistance. Combat or critical skills = 1 1/2 months assistance for 1 month service. Max 45 months.	NO	Single: $342 Married: $407 Married: $464 2 Dep. Each additional dependent $29.	May increase monthly stipend by reducing entitlement period.	After 8 years of active duty transferable to spouse or children.	Yes, 1 month entitlement for 2 months service. Max 36 months.	10 years from last discharge or release from active duty.	Veterans Administration
S-48 U.S. Sen. William S. Cohen (R-ME)	Critical military skill. After 24 months service = 18 months assistance. Next 12 months service = 6 months assistance. Fourth 12 month service = 12 months assistance. Non-critical military skill. After 24 months service = 12 months assistance. Thereafter 2 months service = 1 months assistance. Max 36 months assistance.	NO	Same as Pressler	NO	NO	NO	10 years from last discharge or release from active duty.	Department of Defense

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Representing All Enlisted Personnel - U.S.N., U.S.M.C. and U.S.C.G.

	ELIGIBILITY	TUITION	STIPEND	SUPPLEMENTAL STIPEND	TRANSFERABILITY	RESERVES	DELIMITING	FUNDING
S-5 U.S. Sen. John W. Warner (R-VA)	After 36 months service = 18 months. Assistance thereafter 1/2 months assistance for 1 month service. Max 36 months.	$1,500 per year.	$400 per month.	NO	Yes, transferable to spouse or child.	NO	6 years after discharge or release from active duty.	Veterans Administration.
S-7 U.S. Sen. Strom Thurmond (R-SC)	After 24 service = 36 months assistance. Max 36 months.	NO	$400 per month.	NO	Yes, transferable after 8 years active duty to spouse or child.	Yes, after four years 1 month service = 1 1/2 month assistance. Max 36 months.	10 years after last discharge or release from active duty.	Veterans Administration
H.R. 135 U.S. Rep. Charles E. Bennett (D-FL)	After 24 months service = 36 months assistance. Max 36 months.	$3,000 or tuition and fees, whichever is less.	$300 per month.	NO	NO	Yes, provides for cancellation of federal loans for service in selected reserve or IRR.	10 years after last discharge or release from active duty.	Veterans Administration

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	ELIGIBILITY	TUITION	STIPEND	SUPPLEMENTAL STIPEND	TRANSFERABILITY	RESERVES	DELIMITING	FUNDING
S-417 U.S. Sen. Alan Cranston (D-CA)	After 3 years = 36 months assistance or 2 years active duty 4 years reserve commitment = 36 months assistance. Benefits would be suspended if failure to meet commitment.	NO	$250 per month. Max $9,000.	After 4 years, with 4 years reserve commitment, add $375 per month. Can be accelerated to $500 a month for a total of $750 per month basic and supplemental or six years active duty.	Yes, after 10 years active duty to dependents based on the discretion of the Secretary of Defense.	Yes, see eligibility and supplemental stipend.	10 years from last discharge or release from active duty.	Veterans Administration for basic assistance. DOD for supplemental stipend. In event of transfer DOD funded.
H.R. 1400 U.S. Rep. G. V. Montgomery (D-MS)	After 3 years = 36 months assistance or 2 years active duty plus 4 years National Guard or Selected Reserve. Max 36 months assistance.	NO	$250 per month.	$300 per month after 6 years active duty plus 8 years in Selected Reserve or National Guard.	Yes, between 8 and 12 at discretion of Secretary of Defense.	Yes, see eligibility and supplemental stipend also extends for 2 years the authority to pay Federal Student loans in exchange for service in the reserves.	?	Veterans Administration would pay administration costs and basic assistance of $250 per month. Supplemental stipend would be funded by DOD.

Prepared by the National Security and Foreign Relations Division of the American Legion

USN · USMC · USCG
SOUND OFF TO CONGRESS!

USN ⋆ USMC ⋆ USCG
SOUND OFF TO CONGRESS!
via the U.S. Rep. Hunter/FRA G.I. Bill Forum!

24 March 1981

FROM: Robert W. Nolan, National Executive Secretary, FRA
TO: Command Master Chief Petty Officers and Career Counselors

SUBJ: Request for the enlisteds' views on the proposed peacetime G.I. Bill legislation.

ENCL: Proxy Ballot Sheets on the G.I. Bill

Dear Shipmates:

On 9 March 1981, I mailed to you a press release and flyer announcing the G.I. Bill Forum in San Diego, California on 21 March 1981. This public forum is co-sponsored by U.S. Representative Duncan Hunter and the Fleet Reserve Association. U.S. Rep. Hunter represents California's 42nd Congressional District (part of San Diego, Chula Vista and National City), and serves on the House Armed Services Committee. He is a member of the House Armed Services Subcommittee on Military Personnel and Compensation. This is one of the Congressional Committees which will hold hearings on the pending legislation to establish a peacetime G.I. Bill for educational benefits.

Congressman Hunter and the FRA want to know the views of active duty enlisted personnel regarding a G.I. Bill. Specifically, we are seeking:

1. What educational benefits do they feel will attract and retain qualified personnel in our armed forces?
2. What ratio of military service for educational benefits would they deem to be fair?
3. How much time after release from active duty should be granted to pursue an education under the G.I. Bill?
4. Should personnel have the option of transferring their earned education benefits to their dependents?
5. Should equal education benefits be granted for Reserve service as for active duty service?

Plus any other pertinent points or suggestions they may have.

In my last mail to you, I also sent you a three-page analysis of the current eight pending G.I. Bill proposals. This should give you an idea of the diversity of views on the peacetime G.I. Bill proposal.

We are confident we will receive valuable testimony from the G.I. Bill Forum in San Diego. However, the FRA feels it is essential that we present to the Congress, a representative view from ALL COMMANDS in the country. This means our presentation will be even more meaningful before the remaining Committees. With a wide cross-section of supporting views from the Fleet. We believe your support and views are critical to this effort.

In the past week here in Washington, D.C., there has been sentiment expressed against the idea of a career person being able to transfer his earned education benefits to his dependents because of the cost to the government. Others have expressed the view that they support a peacetime G.I. Bill as long as it does not give current active duty personnel greater benefits than the Vietnam veterans earned under the Cold War G.I. Bill. What are your views and those of the enlisted personnel in your Command? We need your voice on the G.I. Bill to accurately represent you in the "halls of Congress".

Both Congressman Hunter and I will personally testify before the House and Senate Veterans Affairs and Armed Services Committees. If we are able to present hard, visible proof, for example, hundreds of the enclosed Proxy Ballot Sheets, to show the Committees, it will immeasurably strengthen our testimony to the Congress. Therefore, we are requesting you to distribute the enclosed Proxy Ballot Sheets to interested members of your Command and ask them to write their views on these "Proxies" (or a facsimile) then return them to us posthaste! Time is of essence, as one Committee (the House Veterans Affairs Committee) is initiating hearings on pending G.I. Bill legislation this month. The other Committees will not be far behind so, act at once!

Please keep your remarks brief and to the point but give us the rationale for your views. Take care to write legibly or type. We'll be compiling all your views to include in our Congressional testimony. Return your Proxy Ballots to:

G. I. Bill Forum
Fleet Reserve Association
1303 New Hampshire Avenue, N.W.
Washington, D.C. 20036

U.S. Representative Hunter and the FRA will publish a formal report on the G.I. Bill Forum. If you wish a personal copy of the report, be sure to print your name and address clearly on the Proxy Ballot and check the Report Request box at the top of the ballot.

We believe other hearings on the G.I. Bill will convene during the next several weeks so, please return the Proxy Ballots by immediate return mail!

Awaiting your prompt response, I remain in

Loyalty, Protection and Service

Robert W. Nolan

ROBERT W. NOLAN
National Executive Secretary

ENCL: Proxy Ballot Sheets

USN ★ USMC ★ USCG

SOUND OFF TO CONGRESS!

via the U.S. Rep. Hunter/FRA G.I. Bill Forum!

G.I. BILL FORUM PROXY BALLOT SHEET

NAME ________________________________ RATE ____________
(PLEASE PRINT)

BRANCH OF SERVICE ____________________ YEARS OF SERVICE ____________

SEND ME THE "G.I. BILL FORUM REPORT" ☐

MAILING ADDRESS (PLEASE PRINT) ________________________________

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________________________________ ZIP ____________

THESE ARE MY VIEWS ON THE PROPOSED G.I. BILL: ____________________

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(OVER)

(SIGNATURE)

Senator CRANSTON. General Roberts.

Major General ROBERTS. Mr. Chairman, I am Maj. Gen. Milnor Roberts, executive director of the Reserve Officers Association. I would like to highlight some of the prepared text I have and ask that the balance be submitted for the record.

Senator CRANSTON. Yes, it will.

Major General ROBERTS. We feel strongly that any legislation using education as an incentive for military service must take into account service in both the Active and Reserve components.

Further, provisions for use during the period of service, such as a sabbatical or part-time study, will enhance the value of the program by generating better educated and qualified service personnel.

Also, we would stress the need in our judgment, in addition to adopting this type of legislation, to also adopt a bill submitted by Congressman Hunter which would extend the GI bill at present to veterans for a period of 6 years beyond discharge or release from active duty, even if the period extends beyond December 1989; also a bill introduced by Senator Chafee, Educational Loan Forgiveness Act of 1981. The purpose of this bill is to provide young men and women having at least 2 years of college education with an incentive to serve in the Armed Forces, Active or Reserve, through forgiveness of educational loans incurred while in college.

With regard to the various bills proposed under discussion this morning, I would highlight several points.

The educational benefit should be noncontributory and available to all personnel after serving a minimum of 24 months, beginning on the effective date of the legislation.

We recommend the entitlement be up to $3,000 a year in tuition and fees with a maintenance or subsistence allowance of $250 a month while in school. As a minimum we recommend an entitlement of 1 month of educational benefit for 1 month of active-duty service, up to a maximum entitlement of 36 months.

The maximum entitlement will permit the individual to participate in the program resulting in a bachelor's degree.

Also, we recommend that provisions be included in the legislation allowing a sabbatical or leave of absence from service at the discretion of the Secretary concerned. It appears to us an encouragement of such an educational leave program would decidedly improve the quality and efficiency of the force and be especially beneficial in the case of enlisted personnel operating and servicing modern military equipment and weapons systems. The inclusion of a voluntary contribution option in the legislation with DOD matching funds on a one-to-one basis will permit the individual the opportunity to supplement his or her educational entitlement and the opportunity to extend his or her education beyond the bachelor's degree. This of course, would apply to people primarily interested in a higher tuition institution.

Of course, the legislation should provide entitlement for reserve components personnel to education benefits with provisions for part-time study. We recommend that the reserve component entitlement also be noncontributory and available to all personnel after a service of 24 months beginning on the effective date of the legislation.

Further, the reserve components should be earned at the rate of 1 month of educational benefit for each 2 months service in the Reserve or National Guard.

I might say, Mr. Chairman, that DOD has plans to expand the reserve over the next 4 years which will certainly require added incentives and the IRR, as mentioned earlier, is going to need all the help it can get to shore it up.

The educational benefit should be used within a 10-year period following separation or discharge from either the active or reserve forces, and the separation or discharge must be under honorable conditions to establish eligibility. We question the advisability of transferability in this proposal because of the cost features which we believe have not yet been well established and can be detrimental in the future.

That concludes my highlighting of our comments. I would be prepared to answer questions later on.

Senator DECONCINI [presiding]. Thank you, General.

[The prepared statement of Maj. Gen. J. Milnor Roberts, executive director, Reserve Officers Association of the United States, follows:]

PREPARED STATEMENT OF MAJ. GEN. J. MILNOR ROBERTS, EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Mr. Chairman and Members of the Committee:

ROA appreciates the opportunity to testify on the various proposals to provide educational assistance for Veterans and Active Duty Personnel. We compliment the Chairman and Members of the Committee for their timely and urgent attitude toward this legislation.

The primary objectives for such legislation, as we see them, are acquisition of service personnel, retention of members of the Armed Services and, as an important adjunct to these two elements, the improvement of the education and quality of the servicemen, and women in the Armed Services.

Using the foregoing as criteria for our evaluation of the need for and the nature of the legislation, we have reviewed the several bills already introduced in both the House and Senate and have discussed the problem with various staff members in the Congress, military commanders in both the Active and Reserve Components; we also have obtained comments from individuals in the educational community.

We feel strongly that any legislation using education as an incentive for military service must take into account service in both the Acitve (regular) and Reserve Components. Further, provisions for use during the period of service, such as a sabbatical or part-time study, will enhance the value of the program by generating better educated and qualified service personnel.

A review of the various legislative proposals reveals that there are bills in three categories that impinge on the needs as they apply to the objectives I have stated:

(1) A group of bills which we consider as education assistance incentive bills for service in the Armed Forces; such as S. 5 (Warner), S. 7 (Thurmond), S. 25 (Armstrong), S. 26 (Pressler), and S. 48 (Cohen). Also, H.R. 1400 which was reported by the House Veterans Affairs Committee on 19 May.

(2) A bill introduced by Congressman Hunter, H.R. 815, to extend the G.I. bill to veterans for a period of six years beyond discharge or release from active duty even if the period extends beyond December 1989.

(3) A bill introduced by Senator Chafee, S. 665, Educational Loan Forgiveness Act of 1981. The purpose of this bill is to provide young men and women having at least two years of college education with an incentive to serve in the Armed Forces (Active or Reserve Components) through forgiveness of educational loans incurred while in college.

Since the many bills introduced into the Congress incorporate a wide variety of elements, I will not address any particular bill specifically. Instead, I will address those elements we consider important to the success of the legislation, based on our evaluation of the problem.

(1) The educational benefit should be non-contributory and available to all personnel after serving a minimum of 24 months, beginning on the effective date of the legislation.

(2) We recommend that the entitlement be up to $3000 a year in tuition and fees with a maintenance or subsistence allowance of $250 a month while in school. In 1981 the average cost of tuition for all educational institutions in the United States is $1742.00,

an increase of 16% over the 1979/80 school year. We can anticipate a similar increasefor the school year 1982-83. As a matter of interest to the Committee, the overall average for tuition for various two and four year colleges and universities is:

Public two year institutions	$400
Private two year colleges	$2118
Public four year colleges	$730
Public universities four years	$900
Private universities four years	$4479.00

We were unable to obtain the average figures for private four year colleges, but estimate them to be between $3500 and $4000

It is our opinion that the above ceiling on tuition and fees will offer an excellent opportunity for an education to all prospective students for the next several years. We have no doubt, however, that this figure may need adjustment in the next four or five years if inflation continues. However, it is our belief that some limit must be placed on the amount of entitlement to make it fair to all eligible participants and permit the responsible agency to properly budget for the program.

(3) As a minimum, we recommend an entitlement of one month of educational benefit for one month of active duty service up to a maximum entitlement of 36 months. This maximum entitlement will permit the individual to participate in a program resulting in a bachelor degree.

(4) We recommend that provisions be included in the legislation allowing a sabbatical or leave of absence from service at the discretion of the Secretary concerned. It appears to us that

encouragement of such an educational leave program would decidedly improve the quality and efficiency of the Force and would be especially beneficial in the case of enlisted personnel operating and servicing modern military equipment and weapons systems. Many courses in theory and practical courses in technology and administration are available at Technical, Community and Junior colleges, typically within a short distance of most military installations.

(5) The inclusion of a voluntary contribution option in the legislation with DoD matching funds on a one-to-one basis, will permit the individual the opportunity to supplement his or her educational entitlement and the opportunity to extend his or her education beyond the bachelors degree. It also would provide additional funds which he/she might use to attend a private college or university with a tuition greater than the $3000 limit. Such an element will probably be inviting to those servicemen and women seriously seeking self improvement and/or a degree from a name college or university.

(6) The legislation should provide entitlement for Reserve Components personnel to education benefits with provisions for part-time study. We recommend that the Reserve Component entitlement also be non-contributory and available to all personnel after serving a minimum of 24 months beginning on the effective date of the legislation. Further, the Reserve Components should be earned at the rate of one month of educational benefit for each two months of service in the Reserve or National Guard.

The Reserve Educational Incentive program must recognize the need for flexibility and the local orientation of the Reserve or National Guard member. Provisions which permit the member to participate in Technical, Community or Junior College (especially in the case of enlisted personnel) as a part-time student toward accumulating a full year of college credits (over a period of perhaps two to three years) in the pursuit of an associate degree or bachelors degree will be very important to this program. Such a program will contribute to improvement of the educational level and efficiency of our Reserve forces, especially in the NCO ranks.

(7) The educational benefit should be used within a ten-year period following separation or discharge from either the Active or Reserve forces, and the separation or discharge must be under honorable conditions (Honorable discharge) to establish eligibility.

(8) The proposition of transferability of the entitlement to dependent children presents many questions in our minds and our inclination is to recommend against its inclusion in the legislation except in cases where such children are ineligible for military service because of physical disability.

In this connection we would like to express a few thoughts on this matter which should be given serious consideration in your deliberations.

Children of an age to benefit from transferability of the educational benefits will also be of an age at which they may enter the Service and earn the benefit in their own right. By permitting the transfer of the benefit the government potentially eliminates these young persons as candidates for military service, thus reducing the number available for recruitment.

Transferability defers a cost to cover the dependent children into the future, 20 to 25 years. Rough guess estimates made in 1979 on transferability amounted to about $360 million a year in 1979 dollars. A projection of this cost escalating into future year dollars could amount to a substantial burden on the responsible agency's budget. We are sympathetic to the objective of retention through such a mechanism, but we feel the potential retention of personnel must be evaluated against the potential monetary burden to current and future budgets and authorizations. Part of our concern is rooted in the Administration's dilemma with and thrust to reform the student assistance programs, the Guaranteed Student Loans and the Pell Grant Programs, in size and scope.

The Administration plans to focus these programs "on the truly needy"and to emphasize the traditional role of the family and the student in contributing to meeting the costs of higher education (Reference: "A Program for Economic Recovery" page 2-3). On the other hand, the President established as an overriding priority the allocation of "sufficient budget resources to rebuild the nation's inadequate defense capacities" (Reference: "A Program for Economic Recovery" page 8). In view of the above we believe the Educational Incentives program must be directed to the President's objectives for Defense and specifically to acquisition and retention of personnel, while simultaneously upgrading of the quality of the force. It must not at this time include elements for compassionate or other reasons which would be nice to have and may obliquely impact on defense readiness.

(9) The funding and justification of the program is a matter of some concern to us, especially in view of the trends indicated in budget cuts. In our opinion, the Department of Defense is the principal beneficiary in this program and is the likely agency to justify the program and budget for it. The educational incentive is intended to attract recruits and retain personnel in the several

Services. It also has the potential of upgrading the educational level of our Armed Forces personnel and the quality of their performance. Further, the new Administration has committed itself to improvement of our defense posture, and the educational incentive program is directly related to the goal.

The Veterans Administration already has many years of experience and has an established management system for the old GI bill. In recognition of this fact, we believe that the VA is the best agency to administer the program. We therefore recommend that the DOD budget for and justify the program, and transfer the funds to the VA for the administration of it.

Early in my testimony I mentioned two other approaches to the problem in the form of the bills introduced by Congressman Hunter, H.R. 815, and Senator Chafee, S.665. These two measures supplement the Educational Incentives bill, and in our opinion are worthy of support as separate legislation by your Committee.

Congressman Hunter's bill, H.R. 815, recognizes the service member who has already earned an entitlement under the GI bill, but because of the 1989 limitation date, may not be able to exercise that entitlement if he/she remains in service for a full career. Congressman Hunter's bill would extend the deadline to six years beyond the separation or discharge of the individual eligible service member even if the period extends beyond 1989.

Senator Chafee's bill, S. 665, is an Educational Loan Forgiveness bill. To our knowledge, no similar separate bill has been introduced in the House. The purpose of this legislation is to provide an incentive to young men and women (with at least two years of college education) to serve in the Armed Forces. The motivating factor is the forgiveness of educational loans incurred while in college. This legislation contains an inviting feature: the potential of improving the educational level and quality of our forces. Last year the Congress authorized a program similar to that proposed in this legislation. The bill is in effect an expansion of last year's program by extending its duration to 1983 and accelerating the rate of educational loan forgiveness by allowing the Secretary of Defense to offer this incentive to both officers as well as enlisted personnel.

Mr. Chairman, this concludes my testimony on this matter and I stand ready to answer any questions you or the Committee may have.

Senator DeConcini [presiding]. Mr. Johnson?

Mr. Johnson. Thank you, sir. I am Richard W. Johnson, Jr., the national legislative director for the Non Commissioned Officers Association. I am pleased to express the gratitude of my association for allowing me to appear on behalf of the more than 250,000 members of the Non Commissioned Officers Association.

Mr. Chairman, I would like to summarize my remarks and ask that my full statement be entered in the record.

Senator DeConcini. Without objection.

Mr. Johnson. Mr. Chairman, I have just a few points to make today and they center generally around what NCOA believes a new GI bill should be. We believe the bill should have three things:

First, it should have a basic education program for all members entering the Armed Forces in the future. It should provide them a basic educational assistance allowance and, in the opinion of my association, it should be an allowance that is consistent with those provided to Vietnam-era veterans.

Second, we would support a program that would provide for a contributory dependents educational assistance provision for career service members of the Armed Forces. We believe this is necessary to assist that member—and "assist" is a very operative word in this context—in providing for his dependents' education in return for his valuable service in the Armed Forces.

Finally, we support an educational leave of absence program which would broaden the opportunities for members of the Armed Forces to achieve a college education while continuing to serve their country.

Mr. Chairman, all three of these provisions are contained in S. 742, a bill by Senator Cohen. S. 742 is a compilation of bills—having taken what Senator Cohen has felt are the best parts of the many bills that have been offered this year—in providing a basic education program that is affordable and that avoids embellishments.

If NCOA has anything to offer today it is two things: One, a new GI bill should avoid any embellishments, any attempt to provide for specific manpower management needs in the Armed Forces. The services are quite capable of addressing their specific critical skills shortages with bonuses, specialty pays, assignment options and many other tools that are available to the Armed Forces for this purpose.

The other thing that we offer, is we ask that the committee make whatever presentation they have affordable. Few people remember today that the old GI bill was terminated at the suggestion of a memorandum from the Ford White House because its cost had reached $5.2 billion. The House Veterans' Affairs Committee has recently reported a bill which they suggest will cost $1.4 billion in 1994. However, the House Veterans' Affairs Committee has chosen to ignore their own CBO projections that estimate the bill will cost $6–$7 billion by 1994, assuming a reasonable inflation level and assuming enrollment less than was experienced under the Vietnam-era GI bill.

Mr. Chairman, we need an affordable GI education program, not an expensive one, not one that sets one veteran above any other, and not one that rewards one veteran more than any other; simply a basic education program.

Thank you, sir. That concludes my remarks.

Senator DECONCINI. Thank you very, Mr. Johnson.

[The prepared statement of Richard W. Johnson, Jr., national legislative director, Non Commissioned Officers Association of the U.S.A., follows:]

PREPARED STATEMENT OF RICHARD W. JOHNSON, JR., NATIONAL LEGISLATIVE DIRECTOR, NON COMMISSIONED OFFICERS ASSOCIATION OF THE U.S.A.

Mr. Chairman. The Non Commissioned Officers Association of the USA (NCOA), representing more than one quarter million active duty and veteran noncommissioned and petty officers of the armed forces deeply appreciates the opportunity to present its veiws on new educational assistance programs.

To the point, NCOA unequivocally supports the bill, S. 742, by Senator Cohen. The Association worked carefully with Senator Cohen during the development and drafting of this legislation. S. 742 is a refinement of S. 48 and its predecessor from the last Congress, S. 2020. The bill incorporates many ideas from many sources, some of which are historically successful as education incentives. Other provisions are altogether new, but have been thoughtfully constructed to provide the greatest necessary benefit at a reasonable cost.

The bill contains the three major points NCOA believes are essential to the success of a new G.I. Bill. Foremost, it provides a free basic educational assistance program for all members of the armed forces who enlist or reenlist and serve honorably for at least two years after the date of enactment. For the first time a portion of these benefits will also be extended to members of the reserve establishment. These provisions are uniform in their application to all service members placing it among the most equitable of the many proposals under consideration by the committee. Moreover, it is based on a historically successful formula for providing veterans educational benefits.

Second, the bill contains a provision designed to assist service members in providing higher education opportunity to their dependents. Definitely the most controversial part of the bill, it too has been designed to be equitable to all who serve. It provides the career service member an opportunity to assist his or her dependents through college without setting the married service member's interests ahead of those who are single. Neither does it decide a dependents destiny on the abilities, occupation, or educational achievements of a parent as proposed in many other bills. Its contributory provisions will entice only the sincerely interested to participate and it will treat them all equally.

Finally, S. 742 offers a new and untested approach to providing education benefits to "in-service" veterans who desire an education but also wish to remain in the service. This provision of the bill allows service members to take an educational leave of absence without prejudice to their service careers. Such a provision will certainly help the veteran and assist the armed services in their attempt to retain experienced people.

Overall, the bill is designed in the interest of the veteran and the "in-service" veteran. Yet, it will also provide the services a positive residual effect on their recruiting and retention efforts.

Upon reaching this point in the consideration of the many proposals before it, the Veterans Affairs Committee must decide whether a new G.I. Bill should be provided for the veteran or the service. We think it should be for the veteran.

The veteran is not seeking all the embellishments in a new G.I. Bill that have been proposed by many on the Hill or across the Potomac. For the most, we believe they want a simple program to assist them in gaining a college education. Only the 55% of the force who are married are concerned with dependent assistance programs.

Assistance is an operative word in this context. I have not spoken to a single member of my Association or any other person in the armed forces who expects VA payments to fully offset the cost of a personal or dependent education. Neither have I met anyone who believes the amount of assistance should be varied on the basis of service occupation. In fact, such disparities are likely to become a bookkeeping nightmare as occupations are added to or removed from critical skills lists and as service members gravitate to and from critical occupations.

Just as society itself is going back to basics, NCOA encourages the committee to do the same. We implore you to resist the urge to add "whistles and knobs" that may sound good but are not truly needed as appendages to a veterans education program. Allow the Defense Department to address skill needs and personnel requirements with bonus and other incentive programs.

Mr. Chairman. It may have occured to you and the other distinguished members of the committee that NCOA is taking a very conservative and pragmatic approach to an issue where we would be in good company to come forward and ask for more. We do not for two reasons: the memory of things past and the cost of things future.

Few people remember the primary reason the G.I. Bill was terminated in 1976. Cost. The end of the Vietnam era was a convenient coincidence. The proposal to terminate G.I. education benefits came to the Hill from the Ford White House in 1975. The program cost the government $5.2 billion that year. Amazingly, it would have cost more than $12 billion if all those enrolled had been full time students. So far, the old G.I. Bill has cost the U.S. more than $30 billion yet it could have cost more than three times that amount if all veterans had used their benefits to potential. Nevertheless, with a high year cost of just over $5 billion, a program paying less than 30 percent of its potential was terminated.

NCOA joined with Senator Vance Hartke to try and prevent the termination of the old G.I. Bill. We shared a mutual respect for the value of the program to the veteran, the armed forces and the Nation. It would serve no purpose to review for this committee the testimony of my predecessor who warned of the adverse effects such action would have on armed forces recruiting. But our memory of the events remains vivid and we are reminded that the cost of the program was the ultimate reason for its termination.

NCOA is necessarily and justifiably concerned about the cost of a new G.I. Bill. It took only ten years for cost considerations to overrun the last program. Yet, a new G.I. Bill may serve potentially as many people and most proposals suggest more generous benefits than those provided in previous bills. Can we really afford these proposals in future years?

The Congressional Budget Office recently presented the House Veterans Affairs Committee with an "Underlying Analysis" of the cost estimates it produced on the proposal, H.R. 1400. The bill provides basic and supplemental education benefits ranging from $300 to $800 monthly for 36 months. H.R. 1400 also provides career service members the opportunity to directly transfer their full entitlement to dependents. CBO has based their projected costs on several scenarios giving consideration to enlistment and discharge patterns, real wage growths, consumer price index (CPI) increases, unemployment rates, and so on.

Yet, in the report on the bill the committee has published the most conservative estimate of its cost. It is an estimate projecting only 25 percent participation and 10 - 12 percent general enrollment through the year 1994. The amounts shown in the estimates are nominal 1982 dollars not adjusted for inflation or CPI adjustments. Moreover, CBO states in their presentation that its out-year projections assume decreasing participation because the value of the program will decline without annual adjustment. Through all this the House committee suggest their bill will cost less than $500 million annually through 1986, and less than $1.5 billion in 1994. These rather absurd projections are qualified in the report which explains in one sentence how the cost could rise to $6 or $7 billion by 1994 if CPI increases are provided. If average costs and participation rates exceed the CBO assumptions, this figure would rise even more.

In our opinion the CBO presumptions are greatly underestimated. NCOA expects and anticipates enrollment and participation rates almost twice as high as those used by CBO in their projections. But even if we are wrong the House program will far exceed the annual cost of the old G.I. Bill by 1994. Historically, such an occurance can only lead to its termination.

Therefore, our memory of what happened to the old G.I. Bill and the projections of cost for a new G.I. Bill dictate that we approach the program with caution. Hopefully, the committee shares our belief.

No new education program will be cheap. However, the Cohen proposal is, in our opinion, the least expensive and most affordable of all the measures under consideration. Conceivably, the bill will pay for itself if it reduces armed forces attrition costs. We also have historical evidence that a G.I. Bill trained taxpayer will return to the treasury a sum larger than the cost of training in higher taxes on higher earnings made possible by the G.I. Bill. However, as assistance payments rise, this argument will become less valid. While it may have been possible to collect $10 to $12,000 dollars on a lifetime income, it may be more difficult to collect $25 or $30,000 dollars.

Finally, Mr. Chairman, NCOA is probably the only organization prepared to state its resolved opposition to a directly transferable dependents education program. The issue was thoroughly discussed at our recent National Convention both in our legislative committee and on the convention floor. The issue was defeated for several reasons.

First among them was its potential expense. CBO projects the cost of the transfer provision in H.R. 1400 at $2.754 billion in 1994 based on a participation rate of 31 percent. We believe this is grossly underestimated but even if it is not, is the expense justifiable?

Second, the program will benefit many people but how many will it actually influence. Moreover, it does not have the potential to influence many of the people the Defense Department is trying to retain. Proponents argue that the program is an absolute must to a successful new G.I. Bill. But by its design it excludes almost 50 percent of the force who are single or have no dependents. Certainly special pays would be a cheaper way to encourage reenlistments in critical specialties and bonuses could be universally used throughout the force.

NCOA members also focused on the many legal problems of implied ownership of the benefit if a marriage is dissolved. Another factor which rightfully concerns NCOA is the advantageous position officers would have. Since officers generally are college educated at the time of accession, the program would be a windfall not likely to improve retention.

In conclusion, NCOA strongly supports a new G.I. Bill which will provide a basic education benefit to all who enlist or reenlist in the armed forces; provides an assistance program to career service members who want to provide for their dependents education; and, provides a program to assist those who want to use their education benefits and remain in the service. At the same time, we want a program that carries a reasonable price tag, avoids unneeded embellishments, is equitable to all service members whether they are married or single or officer or enlisted. Senator Cohen has presented such a program in his bill. S. 742.

It has our wholehearted support.

Senator DECONCINI. Thank you very much, members of the panel. We have some questions on which I would like to ask your comments. Let me just start with one.

With respect to the proposal that had been put forward for a repeal of the 1989 termination date for the current GI bill, such as that as proposed in S. 417, what do you believe are the relative merits of providing eligibility for those now on active duty for any new programs of education incentives, perhaps even crediting service prior to the effective date of such a program, for the purpose of eligibility under the new program versus, say, extending the 1989 date? Can any of you comment on that?

Mr. JOHNSON. Mr. Chairman, we would support an extension of the 1989 delimiting date immediately since, in our opinion, it is unlikely that the committee will produce legislation to provide a new GI bill.

Members who are currently on active duty in the Armed Forces are affected now by the delimiting date that has been set for 1989, and we are already diminishing what has been traditionally a 10-year education period.

We would like to see—as an association—we would like to see those members who are on active duty in the Armed Forces become eligible for any new education program. But as we have done in the past for veterans, we believe that the veteran, himself, should be offered the option of the best program for his purpose or her purpose.

Major General ROBERTS. Congressman Hunter's bill would extend that deadline by 6 years, and we support that bill. We also, however, might suggest that in absence of other provisions that a sabbatical may be included at the discretion of the service secretary, which we believe would keep people in the service, make use of their talents longer, and be economical for the service.

Senator DECONCINI. Mr. Nolan?

Mr. NOLAN. Mr. Chairman, the Fleet Reserve Association was responsible for the limiting date in the original cold war GI bill. As you know, the World War II GI bill and the Korean GI bill had limiting dates that would set an established number of years after the man is first discharged from the service.

We argued successfully, and Senator Yarborough, who was the father of the cold war GI bill, agreed with us, and we were successful with his great help in convincing the Congress to use after the "last discharge." That was the change in the law which specified last discharge.

I think that gives the careerist the ample opportunity, because of course he has earned an educational benefit just as much as the noncareerist, and that removed a stigma in the GI bill in the eyes of military personnel, and further they removed the obligation then that, well, I've got to get out by a certain time if I am going to get my educational benefits, and that is why we had that provision in our testimony.

Senator DECONCINI. Thank you. General?

Major General COCKLIN. The association of the U.S. Army would support extending that termination date to 10 years after final separation. We feel that this will preclude those careerists now eligible for the benefit from confronting the decision that they have to leave the service in 1985 or to lose it.

For those careerists now participating in the VEAP who will become eligible for any new GI bill, our recommendation is they be allowed to withdraw their personal contributions to VEAP with interest when they become eligible under the new bill.

Mr. HARLOW. Mr. Chairman, our Air Force Sergeants Association has supported an extension of the current GI bill. There are many of our NCO's that are still in the Air Force who did not participate in VEAP, and yet they still have that eligibility. But if they don't get it before they retire, then they will lose it. So we fully support an extension on that, yes.

Mr. BEILKE. Mr. Chairman?

Senator DECONCINI. Yes.

Mr. BEILKE. The national association not only repeats what these individuals have said, because we cannot believe that it can be overstated how important it is that that delimiting date be removed.

Senator DECONCINI. Thank you. Anyone else?

Mr. KREGEL. The provisions for its extension also has the full support of the Air Force Association.

Senator DECONCINI. Thank you, gentlemen. As has been pointed out by the association of the U.S. Army in its testimony, the authority for current educational incentive tests expires in a short 10 weeks from now, I think on September 30.

I think it is important that we focus on the question Major General Cocklin raises in his testimony, and that is: What will be the strategy for obtaining quality recruits so necessary for national defense, when this authority terminates in a short time?

What potential incentives do you gentlemen see as part of this strategy when the tests are over? Is, in your opinion, VEAP alone enough, and if it isn't can we afford to wait until January 1983 when the administration process is to let that program expire before a successor program has been in place? Can any of you comment on that, please?

Mr. HARLOW. Mr. Chairman, we question the feasibility of a 1-year test and what it will actually prove. There are many of our people who didn't want to even participate because they knew it was a test, how long was it going to last, was it going to be beneficial, was it something they could continue. We don't feel that is really going to prove a great deal.

Mr. KREGEL. Mr. Chairman, the Air Force Association concurs in that feeling. We really feel that the test will not be conclusive. We really think that if you studied the recruiting trends and the retention trends in the services during the GI bill period and then after the GI bill was terminated, that that would give you a better bottom line position. We feel that further study merely prolongs the inevitable conclusion, that you need a good GI bill and you need it now.

Major General COCKLIN. I would like to point out one other thing that has been overlooked. In no way do these tests give us any evidence about the desirability of transferability. That is not being tested. So if there is any efficacy in transferability you are not going to know any more when the tests are over than you know right now.

Mr. **Nolan**. Mr. Chairman, I think it is a very important thing to consider the perception of a man and woman on duty today. They perceive tests as a stalling tactic or another reason to avoid spending money. I think it is very important with the new advent that has come up for the interest in personnel, because of the retention problems and the recruiting problems, that there is new emphasis on it for the enlisted personnel for them to come into the service, that they are going to be treated equitably, and they have their quality of life. I think it would be a strong boost for a GI bill to be enacted as soon as possible.

Mr. **Roberts**. Mr. Chairman, the Reserve Officers Association supports a bill now, not a year from now. We believe that some successes in recruiting recently are rather aberrations due to the economic circumstances which we all hope will improve.

Furthermore, the Reserve components very badly need additional incentives for the reasons I mentioned a few minutes ago, and I don't believe we can afford to wait for a year and a half, either. Thank you.

Mr. **Johnson**. Mr. Chairman, NCOA concurs. We support immediate enactment of the new GI bill.

Senator **DeConcini**. Gentlemen, I am sorry that I have to leave. Senator Matsunaga is on his way down, and I am committed to hold some hearings on the Judiciary Committee. Before I do leave, I would just like to remark that Mr. Kem Metz is here. He is going to be testifying shortly, before this committee. He is going to be testifying on behalf of the American Association of Minority Veteran Programs Administrators. I have known Kem for some time. He has done some excellent work at the Rio Salado Community College in Phoenix and I would like to commend him for it. I apologize, Kem, that I am not going to be able to be here because of other commitments. Senator Matsunaga will be down shortly. In the meantime, Ken Bergquist will continue to conduct the hearing. Thank you, gentlemen.

Mr. **Bergquist** [presiding]. I will address my questions to the panel as a whole and each of you can answer or amplify on other individuals' answers.

With respect to proposals for transfer of benefits to dependents, the VFW in its testimony has suggested that providing for such a transfer might very well defeat the recruitment purpose of any program of educational incentive since, by virtue of providing a means of transfering benefits to dependents, we would be reducing the incentive to enter military service among the pool of potential eligibles. Do you gentlemen share this concern?

Major General **Cocklin**. The association of the U.S. Army does not share that view. We think that transferability, at least to children, is a significant attraction for retaining people in the service.

As far as the people who are being educated down the line, if transferability stays in, then I assume the idea that you can participate in military service and provide for the college education of at least one of your dependents would still be valid 10 years from now. So I don't see it as a deterrent at all.

Mr. **Johnson**. Mr. Bergquist, we share the view of the VFW as far as they have gone. But I would like to expand on that just a little bit. What they have outlined is only a part of the problem.

The transferability program has been designed almost universally as a retention tool for career service members, and some people have suggested that it be used to retain only those in critical or noncritical skills. However, we are suggesting paying upward of $24,000 under some benefit program where a $10,000 or $15,000 bonus would be just as adequate, and we are not addressing with the transferability program the whole force of the Armed Forces.

There are 45 percent of the people at 10 years of service still single and do not have dependents, who therefore would not be interested in the retention value of a transferability program.

The problem that transferability is designed to address could be more economically addressed in the other areas I have mentioned by use of special pays, bonuses, other things that are already available for the services for that purpose.

Therefore, the Non Commissioned Officers Association opposes direct transferability but does support a contributory transferability where we know we will be providing a benefit for those people who are directly influenced by it.

Major General **Roberts**. The Reserve Officers Association is in favor of transferability in cases where children of military personnel are ineligible for military service in their own right because of physical disability.

Otherwise, we question transferability, although we are sympathetic with the basic purpose, because of the cost involved. We are sympathetic to that objective. But we feel the potential of retention of personnel must be evaluated against the potential monetary burden of current and future budgets and authorizations.

Part of our concern is rooted in the administration's dilemma with and thrust to reform the student assistance program, the guaranteed students loans and the Federal grant programs in size and scope.

Once you get into a pattern it is difficult to get out of it. Witness the problems of social security today where reforms must be made and reforms are very bitter medicine. If we have a program costing billions of dollars 10 to 15 years from now, we question whether that can be sustained.

Mr. **Kregel**. I would like to address that problem of the cost. But I would like to address it another way. The Air Force Association fully supports transferability. I would hope that anyone looking at the cost of transferability looks at the total cost to the Nation, not necessarily the cost of transferability. What I am referring to is someone must equate in that problem the tremendous savings that you make when you are able to retain a fully skilled person on active duty because he has taken advantage of transferability. You no longer have to recruit a replacement or retrain a replacement because the gentleman or the lady has elected to transfer their capability, and I think that saving should be balanced against the cost of the program.

Mr. **Beilke**. Mr. Bergquist, if I might just expand a little bit on this retention. Most of the proposals today say the man has to be on active duty or the woman has to be on active duty or retire.

I might offer a suggestion that, as long as the individual has not completed 30 years, if he has still got time to serve on active duty after 20 while his dependents are going to school, I think that might be a valid consideration.

I, myself, if I were on active duty with 20 or 21 years of service and were faced with a requirement of 4 years additional duty and providing an education for my children, under those circumstances, I think I would stay on active duty.

Mr. **Nolan**. The Fleet Reserve Association strongly supports transferability. In speaking of the cost, we fully agree with the conception of the Air Force Association, which is to look at total costs, to look at the retention costs that could be saved or retraining, to consider the lack of turbulence it will cause the personnel in the future.

I would like to remind those who question the cost to look at cost and the return of former GI bills. GI bills have been unequivocally one of the programs, the best investment program in the future, that the U.S. Government has ever made, and I feel that the transferability clause will prove to be of the same historical significance in the future if it is enacted.

Mr. **Bergquist**. I believe you have all answered that question. Senator Matsunaga will continue the questioning at this time.

Senator **Matsunaga** [presiding]. Thank you very much. Mr. Nolan, I believe the committee would be very much interested in viewing in detail the results of the GI bill forum outlined in your testimony.

Would you be able to provide a more detailed account of the outcome of that forum for the record?

Mr. **Nolan**. Yes, sir. We have provided this for the House Veterans' Affairs Committee and the House Armed Services. We would be happy to provide the background information for this committee, Mr. Chairman.

[Subsequently, Robert W. Nolan of the Fleet Reserve Association submitted the following information:]

U.S. Rep. Hunter and FRA state the active duty views on a G.I. Bill to Veteran Affairs Subcommittee

San Diego G.I. Bill Forum was Fantastic!

Thirty-nine articulate active duty personnel appeared at the G.I. Bill Forum in San Diego on 21 March 1981. They testified as to what educational benefits their 200,000 contemporaries in San Diego believe will attract and retain service men and women in the armed services. One Army, 24 Navy, 12 Marine and 2 Coast Guard witnesses testified in turn throughout the day long forum. The clear concensus of their views is that a peacetime G.I. educational bill is vital to a successful All Volunteer Force.

U.S. Representative Duncan Hunter of the San Diego area and the Fleet Reserve Association co-sponsored the forum to learn how those directly affected by such a program feel about the proposed legislation. The House Veterans Affairs Subcommittee on Education, Training and Employment was holding concurrent public hearings on H.R. 1400 and the other bills proposing educational programs. The Administration, military leaders, members of the House and Senate, educators, military and veteran organizations were presenting their views on the pending legislation creating a G.I. Bill.

The 39 active duty witnesses before the G.I. Bill Forum ranged from E-4's with three years of service to E-9's with almost thirty years of service. They addressed their testimony to the forum's four panelists and were questioned in turn by the panelists. Dr. Patricia A. Watson, Director of Academic Services, University of San Diego and Dr. Glenn Beardmore, Vice President of Administration at National University shared the panel with U.S. Rep. Hunter and FRA's Bob Nolan. Mr. Robert Emmerichs, professional staff member of the House Committee on Armed Services was present as an observer. The witnesses were knowledgeable, outspoken and sincere in their statements and answers. The Forum received excellent news media coverage from three local television stations, two radio stations and the newspapers.

HOUSE VETERANS AFFAIRS SUBCOMMITTEE HEARINGS

On Wednesday, 25 March, U.S. Rep. Hunter and Robert W. Nolan appeared before the House Veterans Affairs Subcommittee, chaired by U.S. Rep. Robert W. Edgar (D-PA), to inform the Subcommittee of what they had learned from the active duty personnel. It was the fourth day of public hearings on the G.I. Bill legislation. Congressman Hunter stressed the views of the active duty personnel and praised the FRA for its cooperation in making the G.I. Bill Forum possible. Subcommittee Chairman Edgar solicited Rep. Hunter's assistance in building support within the House Armed Services Committee for the passage of a G.I. Bill.

Shipmate National Executive Secretary Nolan was confident that the active duty personnel's views would embrace the FRA's position on a peacetime educational benefits incentive package even before he went to San Diego. He was right, the twelve provisions of a bill the active duty witnesses cited matched the FRA's position perfectly. They are:

- The current Veterans Education Assistance Program (VEAP) is not working and should be abolished.
- The new law should provide equitable tuition and stipend benefits on a non-contributory basis.
- Educational benefits must be the same for all, the witnesses were against linking greater benefits to those in "critical skills."
- Educational benefits should be linked to length of service, one must serve a minimum two years to qualify and maximum benefits can be earned in eight years of service.
- The student must maintain an acceptable academic standing and the program must be closely monitored to protect its integrity.
- The service person should have the option to transfer his earned benefits to his dependents.
- One must complete at least one enlistment with an honorable discharge and be eligible to reenlist, except those released for military disability with an honorable discharge.
- Adamant opposition to the granting of benefits to those separated administratively under honorable conditions or dishonorably discharged.
- Benefits should be granted to those serving a combination of active duty and Selected Reserve or National Guard service for longer periods but assuring a college education.
- The limiting date should be a specified period AFTER THE LAST discharge or release from active duty.
- Grandfather those who have qualified under the Cold War G.I. Bill and give them the option to elect the new or old law.
- The new law should be retroactive to 1 January 1977.
- All witnesses agreed that in-service G.I. Bill benefits should be paid in the same amounts and manner as is paid to the separated veteran.

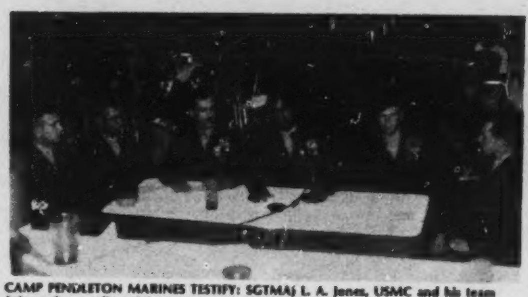
U.S. Rep. Hunter duscusses the G.I. Bill with attendees of the Forum during a break in the day's hearing.

G.I. BILL FORUM PANELISTS—from left: Dr. Glenn Beardmore, VP for Administration, National University in San Diego, U.S. Rep. Duncan Hunter, Chairman, Dr. Patricia A. Watson, Director of Academic Services, University of San Diego and FRA's N.E.S. Robert W. Nolan.

In concluding the FRA's testimony, Bob Nolan stated, "...the Fleet Reserve Association subscribes to the above majority views expressed at the G.I. Bill Forum and will actively support the enactment of an educational benefits incentive program that embraces the provisions recommended at the G.I. Bill Forum." Chairman Edgar complimented Mr. Nolan on the statement and invited him to share the enlisted's detail views with the Subcommittee by assuring they receive a copy of the final report on the forum.

Chairman Edgar then informed the audience that the Subcommittee will have field hearings at military bases in Virginia and Georgia in April. He said the results of the four days of hearings clearly show the need for a new peacetime G.I. Bill. He recalled that candidate Ronald Reagan supported a new G.I. Bill. However, President Reagan has no funds in his budget for such a program. The Administration's witness recommended waiting until the tests on the improvements of VEAP are complete next year. While, the military leaders contend we need a new G.I. Bill now. He clearly stated that the Subcommittee will have a bill drafted by 15 May and will work diligently for its passage this year.

NAS MIRAMAR WITNESSES: from left: YN2 Pearl M. Von Schmidt, USN, AE1 John D. Justice, USN, AT2 Harold F. Ross, III, USN and PN3 Jose A. Valdez, USN testify in favor of an educational benefits incentive program.



CAMP PENDLETON MARINES TESTIFY: SGTMAJ L. A. Jones, USMC and his team inform the panelists of the troop's support of G.I. Bill education benefits.

RMCM Alan Jackson, U.S.C.G., Command Enlisted Advisor, 11th C.G. District states education benefits are a strong inducement to military service.

Senator **Matsunaga**. There appear to be indications that the number of new recruits is on the increase and that the record of the service branches in retaining active duty personnel for longer periods of time is improving. However, there is a continuing and a very valid concern with respect to the quality of those now entering the service.

Some have suggested that one way to encourage the recruitment of higher quality young men and women would be to require that individuals have a high school diploma prior to entering the service in order to be eligible for the new GI bill.

Other proposals, such as that set forth in S. 417, would make a high school diploma a prerequisite to eligibility for a higher level of assistance but would impose no such requirement for basic assistance.

In terms of the quality of enlisted personnel on active duty, how important do you believe it is that there be a requirement for a preenlistment high school diploma before giving any GI bill assistance? Can anyone comment?

Major General **Cocklin**. I will make a comment on that from the standpoint of the Association of the U.S. Army if I may, Senator. We do need to raise the quality of the recruits that we are taking in; there is no doubt about that.

On the other hand, I think it would be unnecessarily restrictive to apply something like a high school diploma as a prerequisite for being eligible for any GI benefit. Presumably that individual would have the opportunity if he got in the service to earn a high school diploma equivalent while on duty. So perhaps it could be handled that way.

Our view about the GI bill that we would like to see passed now is that it is going to help us dramatically get higher level people into the service because of the educational benefits that would be available.

I would want to think a little bit before I would say we would like to see it completely restrictive and that nobody without a high school education could be taken into the service.

Colonel **Perkins**. I would like to address that from the standpoint of the National Guard Association. As you know, Senator, most of our members, of course, do not have active service. They enlist in the National Guard generally when they are youngsters and often while still in high school.

To get a young man to join the National Guard while in high school and then deny him the GI bill because he wasn't a graduate when he joined would be extremely counterproductive.

Senator **Matsunaga**. Thank you.

Mr. **Beilke**. If I might, Senator, I believe some of our individuals that are probably dropping out of school at the end of their 11th year or in their senior year to support the family, if there is one member of the family gone, to deny this individual educational benefits I think would be wrong because he would probably be a better soldier than some of the high school graduates we have.

Mr. **Harlow**. Mr. Chairman, I agree that we should look at these people who enter our service, and if they do not have a high school diploma they do have the opportunity of getting an equivalency of that, which would indicate to the people in the military that they are concerned and would like to take advantage of the GI bill. Therefore, it would be a plus for the armed services.

Mr. **Nolan**. The Fleet Reserve Association agrees with the statement.

Major General **Roberts**. In my personal judgment, our way would not favor exclusion of high school graduates.

Mr. **Johnson**. We appear to have unanimity on the panel. NCOA also concurs that nonhigh school graduates should not be discriminated against in the program.

Senator **Matsunaga**. I will be offering an amendment with Senator Hatfield to the armed services pay raise bill. Our amendment would provide for a bigger increase for the recruits. The proposal right now is for a 7 to 8 percent increase for the recruit grades. Senator Hatfield and I will propose that that be increased to 9.1 percent which would be the equivalent of a similar position in the civilian sector.

Do you suppose that this would help to recruit high school graduates?

Major General **Cocklin**. Senator, I think experience has shown that money—pay and bonuses will get you one kind of recruit and that a GI bill may get you a different kind of recruit.

I would favor—I certainly don't want to discourage you on working on the pay increase. But to answer your question specifically, I think for all the reasons that have been outlined here this morning we need to advance on both fronts: We need to improve the pay, but we need a GI bill now and we need it badly.

Colonel **Perkins**. Senator, I concur heartily. A GI bill for reserve components and National Guard and Reserves would certainly increase the quality of the young men and women that we get into those services. Pay helps, but I think the GI bill gets the better person.

Mr. **Beilke**. Without reservation I can support an increase in pay and the GI bill.

Mr. **Harlow**. Mr. Chairman, with the cost of going to college and getting a higher education today, they are looking for the opportunity to have a GI bill, and I think this would be most attractive to many of the high school graduates.

Mr. **Nolan**. Mr. Chairman, in the matter of the pay, the Fleet Reserve Association would support your amendment that you say that you will propose, because in fact the Fleet Reserve Association supports the House 14.3 across-the-board pay raise to Senator Jepsen's bill. The reason that we do is we feel at this time the 14.3 across the board is best—as you know, in current law they have the authority to reallocate up to 25 percent which the services could do for targeting and use that.

But basically the 14.3 gives the military man the best chance to recoup some of the loss that he has endured for the past couple of years with a pay cap, so we could support your amendment.

Major General **Roberts**. While ROA has no definite position on this subject, Senator, I believe that we support across-the-board pay increases and I feel that your amendment would be beneficial along that line.

Senator **Matsunaga**. Thank you very much.

General Roberts, I note that in your prepared statement, while you discuss a number of bills pending before the committee, you make no mention of other bills that have been introduced in the Senate.

Is there a reason why certain measures have not been mentioned such as S. 417, the measure which Senator Cranston introduced on February 5 with many cosponsors including myself?

Major General ROBERTS. Senator, we are not opposed to that bill particularly. I believe you know there are something like 11 different bills that have been introduced. In mentioning some and not others we didn't intend to be discriminatory.

What we are arguing for is a GI bill that will meet all the considerations that have been discussed this morning, and I am not certain that the authorship is that important. But we certainly don't want to be discriminatory against anybody.

Senator MATSUNAGA. Have you reviewed the provisions of that bill and are you aware that it will also address a 1989 termination date of the current GI bill and initiative which you indicate you strongly support?

Major General ROBERTS. Yes. That was an error in omission from our testimony because we talked about the action on the House side as well as the Senate side.

Senator MATSUNAGA. Well. I certainly thank you gentlemen for the time you have taken, the effort you have made to respond to the questions. Thank you very much.

Senator MATSUNAGA. We will next hear from the panel consisting of Dr. Michael F. Luck, senior vice president for development and public affairs, Wayne State University, Detroit, Mich.; Dr. Robert Gluckstern, chairman of the committee on veterans affairs, National Association of State Universities and Land Grant College; Dr. Wade Wilson, president, American Association of State Colleges and Universities; Richard E. Wilson, vice president for governmental relations, American Association of Community and Junior Colleges; Earl Abrams, chairman-elect, American Association of Minority Veteran Program Administrators, accompanied by Kem Metz, legislative committeeman; and Ms. Mary Ann Kirk, Center for Citizenship Education.

If the panel will proceed to the witness desk?

TESTIMONY OF A PANEL CONSISTING OF: DR. MICHAEL F. LUCK, SENIOR VICE PRESIDENT FOR DEVELOPMENT AND PUBLIC AFFAIRS, WAYNE STATE UNIVERSITY, DETROIT, MICH.; DR. ROBERT GLUCKSTERN, CHAIRMAN OF THE COMMITTEE ON VETERANS AFFAIRS, NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND GRANT COLLEGES; DR. WADE WILSON, MEMBER OF THE BOARD OF DIRECTORS, AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES; RICHARD E. WILSON, VICE PRESIDENT FOR GOVERNMENTAL RELATIONS, AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES; EARL ABRAMS, CHAIRMAN-ELECT, AMERICAN ASSOCIATION OF MINORITY VETERAN PROGRAM ADMINISTRATORS; AND MARY ANN KIRK, PRESIDENT, CENTER FOR CITIZENSHIP EDUCATION

Dr. LUCK. Good morning, Mr. Chairman and members of the committee. I am Dr. Michael F. Luck, senior vice president for development and public affairs at Wayne State University, Detroit, Mich., speaking on behalf of Dr. Thomas Bonner, the president of Wayne State University, who could not be with us today because of an emergency that he had to unfortunately attend to.

I am testifying today with Dr. Robert Gluckstern, chancellor of the University of Maryland at College Park and chairman of the National Association of State Universities and Land Grant Colleges' Committee on Veteran Affairs.

I will attempt to summarize, as best I can, the testimony.

Senator MATSUNAGA. Please.

Dr. LUCK. Along with Michigan State and the University of Michigan, Wayne State is one of the three largest educational institutions in Michigan. We have the State's largest medical school, which in turn is part of the Nation's largest primary health care center. We have one of the Nation's largest university law libraries and one of the largest computer centers anywhere.

We have more than 5,000 class offerings and over 600 degrees being offered in 9 different colleges and schools.

The reinstatement of a GI bill has both professional and personal appeal to me. As president of an urban university of more than 33,000 students, I am interested in any legislation that will enhance the ability of our youth to pursue higher education.

On the personal side, I am grateful for the World War II GI bill which made possible my education at the University of Rochester and at Northwestern University. Without this aid, I would not have been able to afford to continue my education.

Wayne State University generally supports the reinstatement of the GI bill. For education benefits to be a realistic inducement to enlist, they must be meaningful and have a relatively short vestment period. It is our understanding that one objective of the GI bill is to provide incentives to the population headed toward a 4-year college program.

The young person looking toward a college career will be discouraged by lengthy service requirement that must be fulfilled before he or she can even begin his or her studies. Any vestment period that extends beyond 2 years would lose its attractiveness to potential recruits.

In addition to being attainable within a reasonable period of time, benefits must be at a meaningful level. Consequently, in structuring the education benefits, the committee may wish to consider the cost of a college education today.

While a generous stipend is attractive, monthly payments are not timely for meeting one of the college student's major expenses—tuition. The average tuition increase at Michigan's colleges and universities this year is 16 percent. We suggest that the committee consider structuring the education benefits to include a tuition component such as outlined in S. 25.

Wayne's annual tuition rates are between $1,400 and $1,500 for undergraduates and graduates, and higher for graduate and professional students. A percentage of tuition formula will tend to penalize students who wish to attend public colleges and universities because they will not be able to enjoy the maximum benefits to which they are entitled.

However, benefits that include both the tuition component and a monthly stipend should prove to be attractive incentives for enlistment to individuals considering a 4-year-educational programs. If an adequate level of benefits is not provided, the only schools that would make financial sense for the recruit to attend would be community colleges. We are in no way intimating that the quality of a community college education is lower than that of other educational institutions of higher education. But while the choice to attend a 2-year college is right for some, it is not necessarily right to all. Making it financially feasible for the recruit to consider other alternatives will allow him or her to pursue the education program of his or her choice.

Under conditions of a draft, failure to provide adequate educational assistance would be tantamount to forcing a particular type of education upon the draftee. In structuring education benefits, the committee should also take into consideration the fact that many veterans have family responsibilities at the time that they are able to take advantage of their educational benefits.

A veteran with a family who wishes to attend college full time may be unable to do so without an income to support his family. We recommend that any education stipend provided allow a differential for veterans with family obligations.

Those veterans wishing to continue working are forced to look for nontraditional approaches to college education which will allow them to pursue full-time employment. This situation raises two issues that the committee should confront in any GI legislation. First, the issue that many cannot complete a bachelor degree program in 36 months; and second, the issue of seat time.

It is becoming increasingly common that individuals do not complete bachelor degree programs in 36 months. Many individuals lose credit when they transfer schools; others find that programs such as architecture take longer than 36 months to complete.

Finally, individuals who are forced to pursue their education on a part-time basis will inevitably take longer than 36 months to complete their program. We recommend that the committee include in the legislation a mechanism whereby an individual can earn up to 48 months worth of educational benefits.

We also recommend that students who pursue their education part time should be entitled to utilize the maximum benefits available to them over the length of their education program.

The seat time problem has had a significant impact at Wayne State University. Our weekend college program was inaugurated several years ago. It was welcomed as a good piece of academic planning, neatly packaged to fit the needs of adult workers in metropolitan Detroit.

Since the program was initiated shortly after the end of the Vietnam war, it won immediate favor with returning GI's who quickly spotted the advantages of the innovative curriculum. Instead of classes during the traditional day and early evening hours, the weekend college offered a new approach to education specifically planned around the working and domestic responsibilities of returning veterans.

The program, offered each standard academic quarter, consisted of three integrated and related unit subjects of 4 credit hours each. The three-part format included weekly classroom workshops, 4 hours long; five televised lectures each week; and two 2-day weekend conferences; along with regular reading and writing assignments throughout the quarter.

In all, a sound academic program measuring up to all standards of the North Central Association of Colleges and Schools, and of Michigan's Department of Education, and to those of the Veterans' Administration for eligibility for GI benefits.

This new approach to higher education ran into a gigantic snag in 1976 when the VA suddenly amended its regulations to require 12 class hours of "contact time" each and every week of the academic term in order for the veteran to receive full benefits. It was a devastating blow to the veterans because it meant, in effect, that since the curriculum was concentrated in fewer sessions of longer duration, those on the GI bill though still able to continue in the program received 30 percent less in benefits.

Eligibility for full benefits depended not on the total of class hours in the term but on the number of hours offered and the "seat time" spent in class each week. The university faced with what it felt to be a serious attack on its academic jurisdiction, challenged the VA ruling in court.

Since taking this action, it has become clear that the VA will respond most readily to direction from the Congress. Consequently, we recommend that language such as that in S. 25 be included in the legislation that will allow the accredited institution to determine the amount of credit students should receive for educational programs they follow.

We strongly oppose language such as that included in S. 417 that gives the right of determination to the granting agency. The VA should not be allowed to impose arbitrary and capricious standards on accredited institutions which have followed their own rigorous internal approval procedures before establishing their programs.

The imposition of arbitrary and capricious standards only distorts the education process and does not enhance the VA's ability to evaluate programs for the purpose of paying veterans their educational benefits.

To avoid the development of these types of arbitrary standards, the VA should be at least encouraged if not mandated to develop regulations in cooperation with the Department of Education and the higher education community.

We therefore support free transferability over transferability tied to a contributory program simply because more people would benefit from the former method. We realize, however, that there is a cost factor involved in choosing between these two approaches.

It is hard to predict the number of servicemen who will take advantage of this provision; consequently, it is difficult to compare the cost effectiveness of the alternatives. Without reliable statistics to prove otherwise, it appears that free transferability would be more costly because more people would be eligible to transfer benefits.

If it becomes apparent that the expense of free transferability threatens the political chances of the bill as a whole, we at Wayne State University would certainly give our support to a bill incorporating a contributory program. Our primary concern is that education benefits be made available to as many people as possible.

Finally, I would like to address an issue of great concern to me that is being raised by the introduction of GI bill proposals in a time of tremendous budget cutting. The education benefits of the GI bill should be in addition to and not instead of other student financial aid programs. The benefits offered by any of the proposals being considered by this or any other body would be meaningless without the availability of other student financial aid.

There should be great effort to restore funds to such programs as the Pell grants and guaranteed student loans. Should the GI bill become the sole student financial aid program of this country, it would in fact have a compulsory military service for anyone interested in going to college who is not independently wealthy. Such a situation would be inequitable and it would inhibit the development of the fine minds of this country.

Also should the GI bill be in effect during the time of an all-male military draft, the implications for women's equal educational opportunity would be significant. The recent Supreme Court decision that allows barring women from serving their country in effect bars them from the benefits deriving from that service.

Mr. Chairman, I would like to thank you again for affording me this opportunity to appear before the committee and would be happy to answer any questions.

I would now like to introduce Dr. Robert Gluckstern, whom we work very closely with, who is the chancellor of the University of Maryland at College Park and chairman of the National Association of State Universities and Land Grant Colleges' Committee on Veteran Affairs.

Dr. Gluckstern.

[The prepared statement of Dr. Michael F. Luck, senior vice president for development and public affairs, Wayne State University, follows:]

PREPARED STATEMENT OF DR. MICHAEL F. LUCK, SENIOR VICE PRESIDENT FOR DEVELOPMENT AND PUBLIC AFFAIRS, WAYNE STATE UNIVERSITY

Good morning Mr. Chairman and Members of the Committee. I am Dr. Thomas Bonner, President of Wayne State University in Detroit, Michigan. I am testifying today with Dr. Robert Gluckstern, Chancellor of the University of Maryland at College Park and Chairman of the National Association of State Universities and Land Grant Colleges' committee on Veterans Affairs. Along with Michigan State and The University of Michigan, Wayne State is one of the three largest educational institutions in Michigan. We have the state's largest medical school (which, in turn is a part of the nation's largest primary health care center), one of America's largest university law libraries, and one of the largest computer centers anywhere. We have more than 5,000 class offerings, and over 600 degrees being offered in nine different colleges and schools.

The reinstatement of a GI Bill has both professional and personal appeal to me. As President of an urban university with more than 33,000 students I am interested in any legislation that will enhance the ability of our youth to pursue higher education. On the personal side, I am grateful for the World War II GI Bill, which made possible my education at the University of Rochester and at Northwestern University. Without this aid I would not have been able to afford to continue my education.

The Armed Services are increasingly becoming more and more dependent on highly trained technicians and specialists to be effective and operational. Many of the new recruits have a great deal of difficultly in mastering the fundamental skills needed to become competent technicians. Additionally many highly trained servicemembers are leaving the Armed Services either for better paying jobs in the private sector or for the more attractive opportunities for advancement offered by the private sector. A reasonable solution to these problems is a new GI Bill containing incentives that will attract and hold better qualified men and women. Historically, education benefits are the best incentives for these purposes. In structuring this new GI Bill, it should also be kept in mind that educations benefits may serve as more than just incentives. In the unfortunate event of a military draft, access to an education becomes a right that must be ensured for young men called to serve their country before they have the opportunity to complete their college career.

We understand that the GI Bill before this committee is designed to confront both the problems of recruitment and retention. Therefore, I will first address the issue of the use of education benefits for recruitment purposes and then the issue of the use of education benefits for retention purposes. Finally, I would like to address the issue of the GI Bill as student financial aid.

For education benefits to be a realistic inducement to enlist, they must be meaningful and have a relatively short vestment period. It is our understanding that one objective of the GI Bill is to provide incentives to the population headed toward a four year college program. A young person looking toward a college career will be discouraged by a lengthy service requirement that must be fulfilled before he can even begin his studies; any vestment period that extends beyond two years would lose its attractiveness to potential recruits. In addition to being attainable within a reasonable period of time, benefits must be at a meaningful level. Consequently, in structuring the education benefits the committee may wish to consider the cost of a college education today. While a generous stipend is attractive, monthly payments are not timely for meeting one of the college student's major expenses: tuition. The average tuition increase at Michigan's colleges and universities this year is 16%. We suggest that the committee consider structuring the education benefits to include a tuition component, such as is outlined in S.25. Wayne's annual tuition rates are between $1400 and $1500 for undergraduates and graduate and higher for graduate and professional students. A "percentage of tuition" formula will tend to penalize students who wish to attend public colleges and universities because they will not be able to enjoy the maximum benefits to which they are entitled. However, benefits that include both a tuition component and a monthly stipend should prove to be attractive incentives for enlistment to individuals considering four year education programs.

If an adequate level of benefits is not provided, the only schools that would make financial sense for the recruit to attend would be community colleges. We are in no way intimating that the quality of a community college education is lower than that of other institutions of higher education. But while the choice to attend a two-year college is right for some, it is not necessarily right for all. Making it financially feasible for the recruit to consider other alternatives will allow him to pursue the education program of his choice. Under the conditions of a draft, failure to provide adequate educational assistance would be tantamount to forcing a particular type of education, upon the draftee.

In structuring education benefits the committee should also take into consideration the fact that many veterans have family responsibilities at the time that they are able to take advantage of their education benefits. A veteran with a family who wishes to attend college full-time, may be unable to do so without an income to support his family. We recommend that any education stipend provided allow a differential for veterans with family obligations. Those veterans wishing to continue working are forced to look for nontraditional approaches to college education which will allow them to pursue full-time employment. This situation raises two issues that the committee should confront in any GI legislation. First, the issue that many cannot complete a bachelor degree program in 36 months and second, the issue of seat time.

It is becoming increasingly common that individuals do not complete bachelor degree programs in 36 months. Many individuals lose credits when they transfer schools. Others find that their programs such as architecture take longer than 36 months to complete. Finally, individuals who are forced to pursue their education on a part-time basis will inevitably take longer than 36 months to complete their programs. We recommend that the committee include in the legislation a mechanism whereby the individual can earn up to 48 months worth of education benefits. We also recommend that students who pursue their education part-time should be entitled to utilize the maximum benefits available to them over the length of their education program.

The seat-time problem has had a significant impact at Wayne State University. Our weekend college program was inaugurated several years ago. It was welcomed as a good piece of academic planning, neatly packaged to fit the needs of adult workers in metropolitan Detroit. Since the program was initiated shortly after the end of the Viet Nam War, it won immediate favor with returning GIs who quickly spotted the advantages of the innovative curriculum. Instead of classes during the traditional day and early evening hours, the Weekend college offered an all new approach to education specifically planned around the working and domestic responsibilities of the returning veterans.

The program, offered each standard academic quarter, consisted of three integrated and related unit-subjects of four credit-hours each. The three-part format included weekly classroom workshops (four hours long), five televised lectures each week, and two two-day weekend conferences--along with regular reading and writing assignments throughout the quarter. In all, a sound academic program measuring up to all standards of the North Central Association of Colleges and Schools and of Michigan's Department of Education, and to those of the Veteran's Administration for eligibility for GI benefits.

This new approach to higher education ran into a gigantic snag in 1976, when the V.A. suddenly amended its regulations to require 12 class-hours of "contact-time" each and every week of the academic term in order for the veteran to receive full benefits. It was a devastating blow to the veterans because it meant, in effect, that since the curriculum was concentrated in fewer sessions of longer duration, those on the GI Bill, though still able to contine in the program, received 30 percent less in benifits. Eligibility for full benefits depended not on the total number of class-hours in the term but on the number of hours offered and the "seat time" spent in class each week. The university, faced with what it felt to be a serious attack on its academic jurisdiction, challenged the V.A. ruling in court.

Since taking this action it has become clear that the V.A. will respond most readily to direction from the Congress. Consequently, we recommend that language such as that in S.25 be included in the legislation that will allow the accredited institution to determine the amount of credit students should receive for educational programs they follow. We strongly oppose language, such as that included in S.417, that gives the right of determination to the granting agency. The V.A. should not be allowed to impose arbitrary and capricious standards on accredited institutions which have followed their own rigorous internal approval procedures before establishing their programs. The imposition of arbitrary and capricious standards only distorts the education process and does not enhance the V.A.'s ability to evaluate programs for the purpose of paying veterans their education benefits. To avoid the development of these types of arbitrary standards, the V.A. should be at least encouraged if not mandated, to develop regulations in cooperation with the Department of Education and the higher education community.

(If there is discomfort by federal agencies in vesting responsibility for determining the status of students with institutions of higher education, a system of appointing qualified mediators would be far preferable than the existing unilateral and capricious procedures of these agencies. Impartial panels could be selected by such prestigious national agencies as the Department of Education or the American Council on Education.)

Retention problems as they relate to education may occur because servicemembers feel they cannot provide adequately for their children's college education on a military salary. A provision for transferability of benefits addresses this concern. We feel that transferability is important because it makes a college education available to a greater number of people. We therefore support free transferability over transferability tied to a contributory program, simply because more people would benefit from the former method. We realize, however, that there is a cost factor involved in choosing between these two approaches. It is hard to predict the number of servicemen who will take advantage of this provision; consequently, it is difficult to compare the cost-effectiveness of the alternatives. Without reliable statistics to prove otherwise, it appears that free transferability would be more costly because more people would be eligible to transfer benefits. If it becomes apparent that the expense of free transferability threatens the political chances of the bill as a whole, we would certainly give our support to a bill incorporating a contributory program. Our primary concern is that eduation benefits be made available to as many persons as possible.

Finally, I would like to address an issue of great concern to me that is being raised by the introduction of GI Bill proposals in a time of tremendous budgeting cutting. (possible insertion of results of conference committee) The education benefits of the GI Bill should be in addition to and not instead of other student financial aid programs. The benefits offered by any of the proposals being considered by this or the other body would be meaningless without the availability of other student financial aid. There should be great effort to restore funds to such programs as the Pell Grants and Guaranteed Student Loans. Should the GI Bill become the sole "student financial aid" program this country would in fact have a compulsory military service for anyone interested in going to college who is not independently wealthy. Such a situation would be inequitable and would inhibit the development of the fine minds of this country. Also, should the GI Bill be in effect during the time of an all-male military draft, the implications for women's equal educational opportunity would be significant. The recent Supreme Court decision that allows barring women from serving their country in effect bars them from the benefits deriving from that service.

Thank you again for affording me the opportunity to appear before your committee. I would be happy to answer any questions that you may have.

Senator **Matsunaga**. Before you proceed, Dr. Luck, I note the presence of the distinguished Senator from Pennsylvania, Senator Specter. Senator, do you wish to make a statement at this point before we proceed with the panel?

Senator **Specter**. Thank you very much, Senator. I have no statement, but I do have some questions.

Senator **Matsunaga**. Could you hold the questions until we are finished with the panel? All right, then we will hear from our next witness.

And I might remind the panelists that your written statement will appear in full in the record as though presented in full. We will appreciate your summarizing within 5 minutes if at all possible.

Thank you.

Dr. **Gluckstern**. Mr. Chairman, members of the committee, I am grateful for the opportunity to appear before you. My name is Robert Gluckstern, and I am testifying today on behalf of the National Association of State Universities and Land Grant Colleges. I am chairman of the veterans affairs committee of that association.

As chancellor of the University of Maryland at College Park, I have responsibility for an institution that has approximately 37,000 students. Of these, 1,100 are veterans. I am a physicist by academic training, and I received my training at City College of New York and MIT, and this was supported in part by the World War II GI veterans educational benefits. So I am aware of how important these are.

The development of the proposals to establish the new GI bill have been under consideration by the association for some time. We have had a close working relationship, the schools in the association, with the Federal Government in providing for national defense through the training of officers for the Armed Forces in ROTC programs for many years.

The written testimony is being submitted and I intend just to make a few of the major points and refer you to the written testimony for the rest.

We have not yet endorsed any specific bill and are therefore speaking on various issues and general principles. The original intent of the GI bill was to provide assistance to those who were called on to serve and interrupted their lives and education. The current proposal is to provide incentives for men and women to enlist and to extend their service in the Armed Forces in exchange for benefits.

I would like to identify a concern that this matter not be seen as a substitute for the Federal grant and loan program to needy students which provides broad access to higher education enabling low and middle income students to attend college and point out that minorities form a disproportionately large component of this group.

And therefore I urge that whatever is done with regard to the GI bill not be done at the expense of the very important financial aid program which exists to provide access to higher education.

We support a reasonable period of service, as Dr. Luck has mentioned, in exchange for entitlement to benefits. Our preference is 2 years identified in Senator Armstrong's bill, Senate bill 25.

With regard to the level of benefits, the cost of education is high and escalating further; and what disturbs me very much is that it is being passed on to students at an ever-increasing rate because of the financial difficulties which also exist at the State level. For example, the University of Maryland was forced to raise tuition by 25 percent this fall. We advocate a $400 per month benefit level as in Senator Thurmond's bill, S. 7.

We endorse a 5-year period of benefits in engineering, architecture, and special education just to mention a few of the areas. The normal educational period is 5 years of essentially full-time work. In fact, on a nationwide basis, our experience suggests that approximately 50 percent of the students complete their work in 4 years, and many students do have extended stays at universities.

Appropriate to the increased level of specialization and some of the other concerns of the parts of the obligation of students who work in order to be able to support these higher costs of education, we suggest a 45-month period which is 5 academic years as the period of benefits.

I think Dr. Luck has spoken of some of the difficulties in relation to the Veterans' Administration concept of seat time, and I won't go into those here. Except that I urge that the matter of educational content be left to the institutions and the accrediting agencies which have in the past done an excellent job in this regard.

With regard to the retention, I will just mention that the committee should give serious consideration to providing supplemental benefits for extended service, transferability of benefits to dependents which Dr. Luck has mentioned, and the family differentials which are important as an incentive.

To summarize, these are very complex matters which require careful consideration and weighing against one another. I hope they will not be made in any haste, and my concern is as I watch the process with regard to the budget: There are some actions which appeared to be hasty, and I think this is a subject which particularly needs some deliberative effort.

I appreciate the opportunity to speak to you. As I indicated, the written testimony will elaborate on these points, and it will mention some others. I would be happy at the conclusion of the panel's testimony to try to answer any questions now or to provide supplementary written information to you.

Thank you very much.

Senator MATSUNAGA. Thank you very much.

[The prepared statement of Dr. Robert L. Gluckstern, chairman of the Committee on Veterans' Affairs, National Association of State Universities and Land Grant Colleges, follows:]

PREPARED STATEMENT OF DR. ROBERT L. GLUCKSTERN, CHAIRMAN OF THE COMMITTEE ON VETERANS' AFFAIRS, NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND GRANT COLLEGES

Mr. Chairman and Members of the Committee: I am grateful for the opportunity of presenting the views of the National Association of State Universities and Land-Grant Colleges to you this morning on the subject of proposals for establishing a new form of GI Bill. I am accompanied today by Dr. Thomas Bonner, President of Wayne State University, who has much experience with veterans programs in an urban campus setting. The membership of our organization is comprised of 140 members enrolling approximately 30 percent of all students in higher education. From their earliest history, many of our state universities and landgrant colleges developed close working relationships with the federal government in its responsibilities for providing for the national defense through training officers for the armed forces in ROTC programs. The enactment of the GI Bill for Veterans of the second World War brought hundreds of thousands of students to our campuses who might not have otherwise had the wherewithall to take advantage of higher education studies. The GI Bill, as a chapter of American history, testifies to an opportunity provided by a grateful citizenry to those whose lives were interrupted by their participation in military activities required by the great war. It also attests to the practicality of the creators of that legislation, who foresaw the implications of millions of young men and women suddenly returning to a work force not ready to absorb all of them. Further, there was the recognition that while the demand for highly educated and highly skilled professionals would be high, only serious training in colleges and universities would open the door to this opportunity for these veterans. Not only did society at large, American industry and business and these individual veterans benefit from the GI Bill, their participation on campuses enriched campus life and may have been the first step in the continuing development of higher education's programs of service to a diversity of students, to the point where the majority of students now in higher education are adults who have work experience, whose average age is the middle to late 20's. In short, NASULGC institutions have a long history of participation in educational opportunities for veterans and a deep commitment to this obligation. We therefore, are deeply interested and concerned with proposals now pending before the Congress. Our testimony today will deal with general principles with which we are concerned as they affect any new GI Bill. Our association, while supportive of specific elements in pending legislation, has not yet endorsed any one specific bill.

When the GI Bill for World War II veterans was enacted, aside from limited grants-in-aid to students from fraternal organizations and similar organizations and scholarships offered to especially talented students, no general program of student aid existed in the country. It is true, however, that the most successful form of student aid was generally prevalent in the form of no, or extremely low, tuition charges in the state institutions, thereby, providing a genuine opportunity for many students to work their way toward a college degree. We realize that it is important to note that the principal objectives for proposing a new GI Bill are quite different from those in the original legislation of the 1940's. The current proposals tend toward a goal of providing incentives for young men and women to enlist in the armed forces, and, for those in the armed services already, to extend their period of service, in exchange for the benefits offered in the legislation.

Because of existing student aid programs, focused primarily on assisting financially needy students to attend college, concern has been voiced that a new GI Bill would not be effective in competing with the grant, work-study and loan programs operated by the Department of Education. In fact, during hearings in the House of Representatives on the GI Bill, the suggestion was offered that funding for the new GI Bill should come at the expense of those Department of Education financial aid programs. There are two reasons we strongly disagree with such proposals. First, those programs have an important national and federal objective to create more equal opportunities for the citizenry by increasing the possibility of access and choice to higher education for low and middle income families, including minorities whose members tend to come predominantly from low income families. Second, a GI Bill, with benefits that are realistic from a budget perspective, could not alone be sufficient to meet ever-increasing college costs.

NASULGC institutions, by comparison with institutions in the private sector, now have average educational costs including tuition fees, room and board, books, supplies, and personal expenses, that approach $4000 per academic year. All proposals for a new GI Bill, quite realistically, require service preceding the opportunity for taking advantage of the benefits, so that benefits in this program would not be available for at least three years. During that time, even if inflation can be successfully reduced, total costs will be appreciably higher. As reported by the Veterans Affairs Committee in the House, H.R. 1400 would provide maximum benefits of $300 per month, or $2700 for a nine month academic year, a sum quite short of meeting our average educational costs. Our reading of most bills introduced in the Senate indicate they offer comparable benefits.

Perhaps more important and to the point is that federal student aid finds both major programs, the Pell Grants and the Guaranteed Student Loans, being drastically cut in the current Congressional effort to reduce federal expenditures. Over the next three years, the guaranteed student loan program costs may be reduced by as much as $3.1 billion dollars and the Pell Grants by as much as $2.5 billion in the same period. To make eligiblity for participating in federal student aid benefits contingent on military service would be a major change in national policy of reducing inequality for participating in all aspects of American life because of the financial class into which a citizen is born. The conditioning of student aid on military service is inappropriate even if the nation is prepared to institute a new comprehensive military service program for all its young citizens, in short, reinstate a draft. It could raise the questions of other inequities involving the concept of the citizen army being determined primarily by income, one of the questions already besetting those who ponder the nature of the All-Volunteer Army and the directions it must take to fulfill the nation's military requirements.

Far more to the point of our current objectives of providing incentives to a better educated and more talented enlistees are those studies that have demonstrated the value of the original GI Bill. They show that education benefits in the past have been effective in increasing recruitment in the armed services. One study shows that as many as 36% of those who enlisted before termination of the old GI BIll did so in order to receive those valuable benefits.

We recommend that any new program enacted should call for a reasonable period of service in exchange for entitlement to benefits. This so-called "vesting" period should not be too lengthy or it will be unattractive to the 18- and 19- year olds the program would hope to attract to military service.The House bill sets this period at 3 years of active duty. S. 25 sponsored by Senator Armstrong begins to provide benefits after two years, and, because of the shorter vesting period, we support that provision in Sen. Armstrong's bill.

Of very special importance is the level of benefits provided in the new legislation. Most of the proposals before the Congress, including the House bill, provide a monthly stipend without a separate component to cover tuition payments. These monthly payments range between $250 to $400 per month. The Armstrong bill and the Warner bill (S.5) also provide a tuition component. Our association has not officially taken a position on a separate tuition component, but based on our experiences during the post-Second World War period, a number of our members are concerned about the implications of tuition components and their capacity for being abused either inadvertently or deliberately. However, a monthly stipend of $250 to $300 per month would probably prove too low to be an effective recruitment devise, since this sum would meet only about half of the projected costs at 4-year state institutions and less than one-third of the costs at a typical private college. We advocate a higher monthly stipend, closer to the $400 per month proposed in S.7 by Sen. Thurmond. Nevertheless, despite our association's commitment to low tuition, the realities of reductions in revenues in many states are continuing to propel tuitions at our institutions upward. It is fair to project that our average tuition in 1984 will be substantially over $1000, with a number of our institutions' tutitions approaching the $2000 mark. The attractiveness of a separate tuition component is evident. However, we fear that artificial percentage limits on tuition may be made part of the law over a period of time, as we have seen in recent proposals in the area of tuition tax credits. From legislation designed to attract and retain young men and women in the armed services, legislation could be distorted into dealing with the immediate needs of subsectors of higher education institutions. In short, we urge that all factors in the legislation be aimed at solely addressing the need for a GI bill that will be a recruiting and retention device and not one dealing with other issues within the higher education community.

The length of benefits is one more area of special concern. Almost all proposals before the Congress limit benefits to 36 months or 4 academic years. It is probable that the basis for this limitation is rooted in the traditional form of higher education programs, including those general during the period of post-Second World War. However, recent statistics show that less than 50% of students complete their baccalaureate degrees in four years. This results from a variety of reasons. Some programs, such as those in engineering and architecture, require five full years of work. Further, students who transfer often lose academic credits and must extend their studies for about a year. Also, in some instances, an illness for a student occasionally requires more time, as do required remedial courses for those students not always adequately prepared upon entering on their college careers. Of course, students who attend college on a part-time basis--and in today's bolus of college students that represents more than 50%--more than 36 months of study is required.

We suggest two provisions to deal with this. First, increase the length of benefits to 45 months (or five academic years) for everyone, or if that bears the possibility of abuse, have it made at the discretion of an impartial advocacy group as spelled out in more detail by Dr. Bonner's testimony. Also, for less than full-time students, the law should ensure that they receive the equivalent of either the 36 or 45 month period, whichever the law determines. A student carrying only half the normal academic load would be charged for having used only a half month of his benefits. Experience under the Pell grant program of student assistance shows this to be a valid and viable calculation. A special concern comes under the rubric of "seat time." We appreciate the intention of the Veterans' Administration to make certain that federal dollars paid by the American taxpayer not be used frivolously, but only as intended by the Congress. Students not genuinely engaged in a serious academic program obviously should not be able to take advantage of the law and consume federal funds. The Veterans' Administration has sought to deal with this problem simplistically by establishing an absolute standard based on the numbers of hours actually spent in a classroom every week or month by a student. Like the typical four year--36 months of academic studies to a bachelor's degree common in the 40's, 50's, and to some degree even in the 60's, hours in the classroom may not always, in fact frequently do not--indicate the seriousness and quality of the education program in which the student in engaged.

A classic instance occured at the University of New Hampshire where the faculty--without any regard or reference to the GI bill at an institution enrolling no particularly large number of veterans--established many years ago an academic program that granted four credit hours for three hours in class and a considerable amount of library study and research. Similar arrangements for credit hours were instituted for courses with other points of credit. The result was that a seriously dedicated student, enrolled in a completely defensible full-time course of study, might spend only 10 or 11 hours in actual classroom attendance. But such students were determined by the VA to be less than full-time students and had their benefits cut accordingly. We do not suggest that attendance should not be one measure of determining full-time study. However, as in the New Hampshire case there may be many other factors involved, and the law should direct those administering this program to take into account the history and practice of the institution, seeking evidence that would indicate a desire to take advantage of the law, rather than a desire to fulfill the needs of legitimate academic programs. My colleague testifying with me this morning, President Thomas Bonner of Wayne State University in Michigan, will amplify on this problem based on a very difficult experience with an education program assaulted by the Veterans' Administration because of the rigidity of their definitions. We would be pleased to deal with this particular problem at greater length with members of the committee and their staff as legislation is drafted, since we feel that inherent in this problem are profound questons of academic freedom and institutional autonomy that are at the heart of our valued system of higher education in the United States.

While much of our attention in the new GI bill deals with recruitment, there are retention aspects of equal importance. Recent years have found our armed services spending much time and money in training servicemen and women in the highly technical skills required by our modern armed forces, only to find them leaving the services when their enlistment period is completed instead of re-enlisting. One way to address this situation would be to provide supplemental benefits for longer terms of service. H.R. 1400 provides such benefits--an additional $300 per month for those serving six years of active duty. S. 25 also contains supplemental benefits through a contribution program matched two for one by the Department of Defense. S. 417 (sponsored by Sen. Cranston) also contains a supplemental program.

The second provision that would be attractive to members of the armed services would be to permit them to transfer their benefits to their dependents. H.R. 1400 allows transfer of benefits after 8-12 years of service. S. 25 would not allow basic benefits to be transferred, but does have transferability in the contributory program. S. 5, S. 7, S. 417, and S.742 all contain various transferability provisions, and we believe these must be given serious consideraton in final legislation.

Finally, we believe a family differential also is an appropriate provision for the legislation. As under the current Viet Nam-era program, if a veteran is married or has other dependents, benefit levels are adjusted upward to recognize the increased costs to the veteran in caring for the dependents. The precise levels need to be carefully designed so that they provide genuine incentives while not incurring excessive costs to the program.

Mr. Chairman and members of the committee, we appreciate this opportunity for presenting the views of our Association on the various proposals before you as you plan to develop a new GI bill. In recent weeks we have been deeply concerned over the rapidity with which major legislative decisions have been made. We understand the sense of special urgency that has moved budget decisions forward in the legislative process. Nevertheless, too much experience has indicated the old adage of "haste makes waste" being regrettably true for legislation as well. The purposes of a new GI Bill need to be clearly understood and accepted. Each provision needs to be carefully evaluated in open discussion for the next several months. We offer the offices of our associations's membership to participate in this process in any way that your committee finds productive. I would be pleased to respond to your questions.

Senator **Matsunaga**. Our next witness is Dr. Wade Wilson.

Dr. **Wilson**. Mr. Chairman, I want to thank you and the committee for this opportunity to appear and give a few thoughts on this GI bill.

Senator **Matsunaga**. Dr. Wilson, would you move closer to the microphone?

Dr. **Wilson**. Yes. First, I desire to correct an indicator on the list of witnesses who are appearing. I am Wade Wilson, president of Cheyney State College and a member of the board of directors of the American Association of State Colleges and Universities. I am honored to have the opportunity to speak for the association on this occasion.

Briefly, the American Association of State Colleges and Universities is deeply interested in the proposed peacetime GI bill and military educational incentive legislation. Our institutions have educated hundreds of thousands of veterans after the past three wars.

We are working closely with the military as a lead agent for the service person's opportunity at college, acronym SOC, which involves many hundreds of colleges, 4-year and 2-year, public and private; working on military bases all over the world.

We have submitted our statement, and we request that that statement become a full part of the record.

Senator **Matsunaga**. Without objection, it is so ordered.

Dr. **Wilson**. However, we wish to state several ideas; not in reference to the several bills which are listed on the committee hearing report, but in terms of several ideas which our association has.

The first is the principle on covering benefits. It is short. It is terse. The benefits must be adequate. The benefits must be adequate for the GI or the person receiving such benefits to support himself and support his family or his dependents if he has such.

Second, a look at the use of the GI bill in several States or States of the members of the committee indicates that you might give consideration—or rather consideration might be given—to how do we further encourage States that are low—and Pennsylvania is one of them, ranking 46th in the Nation—in terms of the use of the GI bill.

We would submit that the low benefits of previous bills did have influence on use of the GI bill. But overall even though Pennsylvanians use came up to 16 percent, ranking 46th in the Nation, California ranking first in the Nation had a 37-percent use; we would submit that we need to look at the level of benefits to change this.

Another, that these benefits allowed by the GI bill should be supplementary and not supplantive of any existing student assistance program. We are fearful that as we look across the horizon that this GI bill may affect many students who need student assistance.

Specifically we suggest that perhaps a minimum allocation in terms of GI bill should be approximately $600.

We would be remiss since we represent the public colleges and universities if we didn't say that we need to ask you to give serious consideration not to include in the bill provisions which would favor one type of college over another; commonly referred to as a percentage of tuition proposal. We feel that the package should be addressed to the GI or persons receiving such a package if the person comes from the Reserve Forces and that they will do the shopping rather than to base it on the tuitions of various colleges, therefore making choices other than which would normally be made.

Because we have found out that many of the choices do favor the public sector. Being of that sector, we think that we can provide—rather we know we provide—a quality education in every area.

We did although not going directly to any bill, will mention that the House bill, H.R. 1400, as some of the other bills, 417, 25, do include some very innovative, creative ideas which we do support.

Now transferability of benefits. We support the concept; we the association support the concept of transferability. We also support the concept of educational leave.

In closing, it is of primary importance that a basic concept be included in the bill which would indicate that this GI bill is supplementary of all the existing student aid programs. We also support the concept, we present and/or support the concept, which my colleague has spoken of; and that is that an individual GI bill package or individual package be developed for each person. And that person could use his package without regard to a number of months.

Because we have in our system and in systems across the Nation a large number of students who are in innovative programs and are during part-time work. The first does not comply with seat time as it is called, and the second does not reflect the fact that many persons for various reasons are in part-time; elect to go to college or university on part-time work.

Again, personally let me thank the committee on my behalf and on the behalf of the American Association of State Colleges and Universities for this opportunity. Thank you, Senator.

Senator MATSUNAGA. Thank you very much, Dr. Wilson.

[The prepared statement of Dr. Wade Wilson, member of the board of directors, American Association of State Colleges and Universities, follows:]

PREPARED STATEMENT OF DR. WADE WILSON, MEMBER OF THE BOARD OF DIRECTORS, AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

The American Association of State Colleges and Universities (AASCU) is deeply interested in proposed peacetime G. I. Bill and military educational incentive legislation. Our institutions have educated hundreds of thousands of veterans after the past three wars. We are also working closely with the military as the lead agent for the Servicepersons Opportunity College (SOC) program, which involves many hundreds of colleges, four-year and two-year, public and private, working on military bases all over the world in off-duty education programs.

We understand that we are being asked to comment on general principles which should be considered in drafting such legislation, and not necessarily on specific bills, such as H. R. 1400, reported unanimously from the House Committee on Veterans Affairs, S. 7, filed by Senator Thurmond, S. 25, filed by Senator Armstrong, and S. 417, filed by Senators Cranston, Matsunaga and DeConcini, among others.

I. A General Principle About Benefits.

Peacetime benefits need to be adequate to meet today's higher education costs.

A main problem with several proposed bills is that benefits are simply not high enough to meet the costs of college. Several years ago, the

Educational Testing Service made a study for the Veterans Administration of participation in the Vietnam-era G. I. Bill, by states. This was at a time when benefit levels under that program were much lower than they are today.

The E. T. S. study discovered amazing differences in utilization of the G. I. Bill from state to state, very closely related to public college tuition levels. ~~For example, taking the states~~ represented on the Senate Committee on Veterans Affairs, they found the following:

Senator	State	% GI Bill Use*	Ranking in the U.S.
Simpson	Wyoming	28.9	9
Thurmond	South Carolina	18.4	39
Stafford	Vermont	14.2	50
Kasten	Wisconsin	22.1	20
Denton	Alabama	21.9	21
Murkowski	Alaska	18.0	48
Specter	Pennsylvania	16.4	46
Cranston	California	37.0	1
Randolph	West Virginia	18.5	38
Matsunaga	Hawaii	28.5	11
DeConcini	Arizona	34.2	3
Mitchell	Maine	17.5	41

* The percentage refers to veterans who had ever used their Vietnam-era G.I. Benefits.

Source: Final Report on Educational Assistance to Veterans, Senate Committee on Veterans Affairs, September 10, 1973, p. 38. Dr. John P. Mallan, now Vice President for Governmental Relations at AASCU, served as a member of the ad hoc advisory council for the study.

In other words, veterans in states with low public college tuition such as California and Arizona had a far greater chance to attend college than those in high public tuition states such as Pennsylvania and Vermont.

Since the study was made, Vietnam-era benefits have risen -- but tuition and other college costs have also risen astronomically. Many public colleges in all parts of the country have become considerably more expensive, and rates are expected to go much higher this fall and over the next few years. Costs at private colleges, of course, are much higher.

Therefore, we would urge again that benefits be high enough to allow veterans the chance for college, whatever their state of residence. We also believe that any G. I. Bill should include dependency allowance. Most veterans today are likely to be married during or soon after service, and many will have children.

II. Benefit Levels.

H. R. 1400 provides a basic benefit of $300 a month, with no dependency allowances, for veterans who have completed three years of active duty, or a shorter period plus reserve duty. An additional $300 a month, or $600 in all, would be paid for six years duty, or a shorter period with reserve duty.

We believe that $300 a month is not adequate, in view of today's rising costs. We would prefer at least the level of S. 7, providing $400 a month.

For the academic year 1980-81, the total cost of the average two-year public college to which a student commutes is estimated at about $2753 a year, including $464 tuition, according to the College Scholarship Service. The cost of a public four-year residential college or university is about $3409, including $706 tuition. Costs of residential private colleges averaged about $6082, including $3279 tuition. Proprietary (profit-making) schools averaged about $2500 a year. All of these costs are rising rapidly each year, and in some states are already much higher.

III. A Comment on "Percentage of Tuition" Proposals

Some spokesmen have suggested a plan under which the government would pay a percentage of tuition, perhaps eighty per cent of tuition and fees up to a total of $2500 a year, plus a monthly living allowance.

The principal reason suggested for this is to "discourage" veterans from attending lower-cost public colleges and encourage them to attend private colleges. The reasoning, similar to that which has been cited in debates over student aid legislation and tuition tax credit legislation, is as follows:

- It is argued that if the governmnet pays eighty per cent of tuition, a student going to a public four-year college costing $700 will get only $560, while a student at a private college would get $2500. Both would receive the same living allowance. It is then argued that if a student finds he can get "only" $560 rather than $700, he will feel that he "might as well" go to a private college, where he will get $2500 -- but where he will need large additional sums to finance the total cost of his education. This, we feel, is Alice-in-Wonderland logic.

- About eighty per cent of both veterans and non-veterans today go to public colleges -- higher percentage in many states. One reason is cost and the geographic availability of public colleges. Another is that in most states public colleges offer a range of vocational and technical programs not available at many private colleges. A third is that public colleges are often more accessible to part-time students. Most college students today are part-time and often working their way; many veterans are likely to attend college the same way.

- Many Vietnam-era veterans did attend private colleges -- almost as high a percentage as that for non-veterans, as the Educational Testing Service pointed out. They were not barred by the lack of a "percentage tuition" formula.

- It is our belief that any such formula would simply penalize the great majority of veterans who would choose public colleges anyway, and not really "help" private colleges. If the purpose is to recruit better people to the military, we believe a percentage would simply be a disincentive to recruitment.

IV. Educational Incentives for Military Service

H. R. 1400 includes some very creative approaches to encouraging career people to stay in the military, worked out in extensive hearings at military bases and testimony from people from all enlisted and officer ranks, who expressed a good deal of enthusiasm for these ideas.

We would urge the Senate to give careful consideration to such ideas. In addition to making possible the use of G. I. benefits while on active duty if a serviceman wishes to do so, there are two main ideas:

- Transferrability of benefits. Subchapter IV of H. R. 1400 makes it possible for a serviceman or woman to transfer benefits after ten years or more on active duty to a spouse or children. House Committee hearings revealed a great deal of enthusiasm by the military about this approach. Providing for the college education of one's children or spouse had great appeal to many service people.

- Educational leaves. Section 706 of the bill permits educational leaves of up to two years, to permit a serviceman to complete an educational program. This right is limited in various ways; it is at the discretion of the military, and the person must agree to serve two more years for every year of leave granted. Nevertheless, this constitutes another way to encourage personnel to stay in service and also upgrade their abilities either for military or postmilitary duty.

It seems to us that a package of benefits along the lines of H. R. 1400 would assist both in recruiting more qualified people and encouraging many of them to stay in. We hope that these and other approaches suggested in other bills before this committee will get very thorough consideration.

Senator Matsunaga. From Dr. Wilson, we go to Mr. Wilson. This is Wilson day.

Mr. Wilson. Thank you, Mr. Chairman. I appreciate the opportunity to present the views of the American Association of Community and Junior Colleges on educational assistance for veterans and active duty personnel in the Armed Forces.

I will simply hit the high points of our paper and try to keep this as brief as possible.

First, I do want to reiterate the point made by others; that is that the earlier GI bills, World War II, Korea, and Vietnam, had different purposes. Legislation which has been introduced in the Senate and H.R. 1400 in the House have the more immediate purposes of recruiting and retaining qualified individuals for the Armed Forces.

These in our view are commendable and reasonable purposes that we fully support. It is within this perspective that we view the proposed GI bill.

I would like to mention historically that under chapter 34 benefits, about 1.8 million Vietnam veterans have enrolled in community, junior, and technical colleges. On the other side, about 2 million veterans have taken advantage of their benefits in 4-year colleges.

I mention this because this is reflective of the balance in terms of enrollments right now; there are about 40 percent of the students enrolled in credit courses in the community colleges and about 60 percent in the 4-year colleges. So there is no imbalance there.

As far as the provisions of the particular laws or I should say the particular bills are concerned, we would support the eligibility provision which is included in S. 417; that is, 3 years active duty or 2 years of active duty and 4 years of Reserve or National Guard duty.

This we think is a very reasonable requirement.

We also support the idea of an educational leave of absence. We see this as a very strong device for influencing people to stay in the military, for retention. And again, there is a requirement of course that if you have the leave of absence, you are obliged to fulfill 2 more years of active duty after that. And we think that is a very reasonable requirement there as well.

The transfer of entitlement to dependents is something we strongly support. In fact, we see this as probably the major retention feature in the bills that are being considered. The timing on this is especially crucial. H.R. 1400 talks about 10 years and then being eligible for this transferability.

And Senator Thurmond's bill, S. 7, he talks about 8 years. We would support the 8 years. The point of view being that if the person has been in the service 8, 9, 10 years, they are then getting into more than halfway toward retirement benefits. And so they have that little advance, that 8 years versus the 10 years; it may be the selling point that will keep them in for 20 years instead of for just the 7 or 8 years.

Finally, talking about administration and funding of the different programs; and we all heard testimony earlier today about take the money out of the Department of Defense versus taking it out of the Veterans' Administration. We do agree with the previous associations that the benefits intended for retention purposes such as transferability definitely should come out of the Department of Defense appropriations.

On the other hand, we do believe that the Veterans' Administration is best suited, best situated, prepared, to handle the administration of the benefits for veterans; that is those who do leave the military service.

Thank you again for the opportunity to testify. I would be glad to answer any questions.

Senator MATSUNAGA. Thank you, Mr. Wilson.

[The prepared statement of Richard E. Wilson, vice president for governmental relations, American Association of Community and Junior Colleges, and the response of the American Association of Community and Junior Colleges to written questions submitted by Hon. Alan Cranston, ranking minority member of the Senate Committee on Veteran's Affairs, follow:]

PREPARED STATEMENT OF RICHARD E. WILSON, VICE PRESIDENT FOR GOVERMENTAL RELATIONS, AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to present the views of the American Association of Community and Junior Colleges (AACJC) on educational assistance for veterans and active duty personnel in the Armed Forces.

The World War II, Korean and Vietnam era G.I. Bill statutes were enacted to help veterans make a positive readjustment to civilian life and to partially repay them for the hardships they incurred in service to their country during a war. Legislation which has been introduced in the Senate, and H.R. 1400 in the House, have a more immediate purpose to recruit and retain qualified persons in our Armed Forces. This is a commendable and reasonable purpose and it is with this perspective in mind that we view the proposed G.I. Bill for the All Volunteer Force.

The Role of Community, Technical and Junior Colleges During the Vietnam Era G.I. Bill

Before I proceed with our comments on educational assistance for veterans, I would like to briefly state some facts about Vietnam era veterans and their use of the various G.I. Bills which have been available to them (P.L. 89-358, June 1, 1966; P.L. 90-77, October 1, 1967; P.L. 91-219, February 1, 1970; P.L. 92-540, October 1, 1972; P.L. 93-508, December 3, 1974; P.L. 93-602, January 1, 1975; P.L. 94-502, October 15, 1976; P.L. 95-202, October 1, 1977; and P.L. 96-466, October 17, 1980).

About 1.8 million Vietnam era veterans who have enrolled in postsecondary training and received Chapter 34 benefits have attended community, junior or technical colleges. The remaining two million have enrolled in private and public four-year colleges and universities. There are several reasons why so many Vietnam veterans have enrolled in community, junior colleges and two-year technical colleges.

(1) Veterans are fairly representative of the higher education enrollment patterns of older adult students in the United States, e.g.,

about 40 percent of the college students in the U.S. attend public community, junior and technical colleges, about 40 percent attend public universities, and the remaining 20 percent attend private colleges and universities.

(2) Veterans frequently choose to enroll in occupational and technological programs which are available most often at community, junior and two-year technical colleges.

(3) Veterans frequently have needed and benefited from taking developmental, remedial and preparatory programs and courses available at community colleges.

(4) Veterans who need to live with their families and who can only attend college part-time find community colleges to be conveniently located and more accommodating to their part-time schedules.

(5) Community, junior and technical colleges provide excellent support services to veterans including outreach, retention, counseling, tutoring, and other services based on local needs. Many educationally disadvantaged veterans have found the community college the best place to start, gain experience, and improve their basic skills.

Another factor is that the American Association of Community and Junior Colleges and the American Association of State Colleges and Universities have cosponsored for ten years the Servicemembers Opportunity Colleges (SOC) under funding from the Department of Defense and the Carnegie Corporation of New York. SOC is a nationwide network of about 300 colleges and universities that offer comprehensive educational opportunities to men and women in the military. The purpose of SOC is to provide high-quality, off-duty education to members of the Armed Forces while they are on active duty.

The Problem

Modern day Armed Forces depend upon highly trained technicians and specialists to be operational and effective. Nothing is more useless and dangerous than a complex weapons system that fails to operate or functions improperly at a critical moment. Unfortunately, this is an increasingly common occurance because of an acute shortage of trained technicians in the Armed Forces. And, to make matters worse, most of the new recruits have great difficulty in mastering the fundamental skills needed to become competent technicians. A reasonable solution to the problem is a new G.I. Bill containing incentives that will attract and hold better qualified men and women in the Armed Forces.

The Veterans' Education Assistance Program (VEAP) has not proven an effective incentive for recruiting persons into the Armed Forces nor as a veterans' education benefit. The Veterans Administration reports that through calendar year 1979 only 25.1 percent of servicemembers have participated in VEAP. The VA figures also show that of the 201,723 servicemembers who have participated in the program, 32.3 percent have terminated their participation and, of this number, 17 percent have requested refunds of their contributions. It appears that the major problem with VEAP is that it's a contributory program. Many servicemembers, particularly the married ones, have been financially unable to make the monthly contributions to the program. In turn, many often leave the military service without eligibility for educational benefits under VEAP.

A Solution

The military services are convinced that a peace-time G.I. Bill would be an excellent incentive for recruiting and retaining quality personnel. Professor Charles Moskos has reported that a survey of 11,336 recruits conducted by the Army in September 1974 at Armed Forces Entrance and Examining Stations (AFEES) throughout the United States found that 24 percent of those interviewed would not have enlisted had there been no G.I. Bill. An additional 36 percent said they were not certain whether or not they would have enlisted if they had not been eligible for educational benefits.

Members of Congress are very concerned about the quality of our manpower in the Armed Forces, which explains the early introduction in the 97th Congress of so many bills to reauthorize G.I. Bill educational benefits for the purpose of recruitment and retention. And, judging from editorials and articles in major newspapers and national periodicals, many other people recognize the problem and support the enactment of a new G.I. Bill. The questions then become: "What form should the educational benefits take and how much money and length of eligibility period will it require to enlist and retain adequate numbers of well qualified people?" In answer to these questions, the American Association of Community and Junior Colleges makes the following recommendations with respect to establishing an improved peace-time educational assistance program for veterans and members of the Armed Forces.

Eligibility

We recommend three years of active duty or two years of active duty and four years of Selected Reserve or National Guard Duty. This provision is included in both H.R. 1400 and Senator Cranston's proposal S. 417. We recommend authority to use educational benefits after serving two years of active duty and while still in service. We are not opposed to veterans and servicemembers being required to possess a high school diploma or equivalency in order to qualify for educational assistance benefits under the G.I. Bill. We feel that there are adequate opportunities for servicemembers who do not possess a high school diploma to earn a diploma through the GED program during their enlistment. However, we are aware that many of the servicemembers who enter the Army and Marine Corps without a high school diploma are the ones who serve in the combat arms, e.g., infantry, armor, artillery and combat engineers. These military skills have virtually no transferability to the civilian labor market. The servicemen and women who serve in the combat arms and then leave the service will greatly need the G.I. Bill. We recommend that the military services make a systematic effort to ensure that servicemembers have an opportunity to pursue GED training while on active duty. Furthermore, it would increase the likelihood the servicemember would be promoted and continue on active duty.

Rate of Entitlement

We recommend a total of 36 months of entitlement to be earned at the rate of one month of educational assistance benefits for one month of active duty or one month of benefits for each four months served in the National Guard or Selective Reserve.

Method and Amount of Payment of Educational Assistance Benefits

We support the two tiered approach of basic and supplemental benefits included in H.R. 1400 and S. 417, Senator Cranston's bill. Moreover, we believe a basic educational assistance allowance of $400 per month would help meet the individual's subsistence, tuition, fees, supplies, books, equipment, and other educational costs. Although this amount may appear generous in comparison to some other proposals, it is below the poverty level and insufficient to totally support an independent student. We do not support a direct tuition payment to educational institutions in which the servicemember or veteran is enrolled.

Mr. Chairman, there are basically two forms of educational benefits. One form which was used in the World War II G.I. Bill, is a combination of monthly subsistence payments to veterans and direct payments to institutions for tuition, fees, books, and educational supplies. A Congressional investigation headed by the late Olin E. Teague found abuse of the W.W. II G.I. Bill by some educational institutions. Largely because of Mr. Teague's findings, subsequent G.I. Bills for Korean and Vietnam era veterans contained no direct payments to institutions for tuition or other educational expenses. Instead, they paid the entire educational benefit to each veteran in monthly checks for each month of enrollment in an approved educational institution. From the government's standpoint this approach simplified auditing the G.I. Bill program because payments were made only to veterans instead of institutions and veterans.

Mr. Chairman, another important advantage to using the Korean era and Vietnam era form of paying educational benefits is recruitment to military service. Congress must be mindful of the cost of a new G.I. Bill and will be searching for attractive and affordable benefits. Direct payment of tuition and fees to institutions will be a factor in calculating the overall cost of a new bill and it will reduce the size of monthly payments made directly to veterans. In other words, the more dollars setaside for tuition and fees, the fewer dollars available for direct payments to veterans. Since it is individuals that are being recruited, not postsecondary institutions, larger payments to individuals are stronger incentives than a combination of smaller payments to individuals and direct tuition payments to educational institutions.

It is also important to consider who the Armed Forces are trying to recruit. They want high school graduates from the middle quartiles of their graduating high school classes, persons who have mastered the basics of reading comprehension, verbal and written expression, and mathematical computations and concepts. They want young men and women who can quickly learn technical skills, who will persevere until an assignment is accomplished, and who are interested in advancing into more demanding and responsible positions. These are persons who will become non-commissioned officers. Some will re-enlist and become warrant and commissioned officers. Servicemembers who serve on active duty for three or more years and then enroll in a postsecondary school will be interested in building on their technical training. They are likely to enroll in institutions that offer a variety of occupational programs that award associate and baccalaureate degrees. The majority of these are low-cost, public colleges. This makes the size of the monthly payment to the veteran much more important than direct payment of tuition and fees to an institution.

Mr. Chairman, it seems to us that the Armed Forces are not targeting their efforts toward persons in the highest ten percent of high school graduating classes. Most often those persons go directly to college, many enrolling in high-cost, selective institutions. Some will be interested in military service, but as commissioned officers. They will attend Service Academies or enroll in Officer Training programs to earn a commission. They are least likely to be interested in joining the Armed Forces as an enlisted member.

The size of monthly payments is an extremely important consideration. Assuming monthly payments are for tuition and other educational expenses, in addition to subsistence, $400 a month is a minimum figure for a single person. Although this is greater than benefits currently paid, benefits that fall far short of actual costs, benefits paid by a new G.I. Bill would not begin for three years. All economic signs forecast continued, sizable annual inflation rates during the next three years. It is virtually certain that what cost $342, which is the current monthly payment for a Vietnam era veteran with no dependents, will cost more than

$400 in three years. There should also be an allowance of at least $50 a month for veterans with dependents. A provision for increasing monthly benefits for servicemembers who stay on active duty beyond three years, a so-called supplemental educational assistance allowance,would be a strong retention incentive and a timely addition for older servicemembers who frequently have more dependents.

Eligibility Period

We support an eligibility period of ten years from date of separation from active duty to use educational assistance benefits. This ten year delimiting period is consistent with the time accorded Vietnam era veterans.

We are pleased with the sensitivity many of the Senate bills display with respect to veterans whose entitlement will expire during enrollment in an approved program of education. Proposals introduced by Senators Cranston, Warner, Pressler, Thurmond and Armstrong would provide that the period of entitlement be extended to the termination of the quarter or semester. We strongly support this provision. Federal policy should not be such that we "pull the rug" from veterans whose entitlement expires during the middle of a term or semester.

Educational Leave of Absence

We recommend a one year leave of absence for each two additional years of active duty which servicemembers will serve.

This option could encourage more servicemembers to re-enlist because of the opportunity they would have to enhance their skills without having to leave military service. The leave of absence would permit the servicemember to finish the second year toward an associate degree or the fourth year toward a baccalaureate degree on a full-time basis. This could provide the impetus for enlisted members to apply for a commission which could enhance their military career.

Transfer of Entitlement to Dependents

We strongly support the concept of authorizing the Secretary of Defense to allow a servicemember to transfer educational benefits to a dependent, child or spouse. We view this provision as the major retention feature of any bill reported out by this Committee. Moreover, we believe the servicemember should be able to transfer his or her entitlement after eight years of continuous active duty.

Administration and Funding

We recommend that the payment of educational assistance allowances be administered by the Veterans Administration because VA already has the administrative machinery and expertise needed to do it. Other proposed benefits, such as the transfer of entitlement, the educational leave of absence, and similar provisions should be paid by the DoD.

Mr. Chairman, thank you for the opportunity to testify before this distinguished Committee.

RESPONSE OF THE AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. As you may be aware, there seems to be a general consensus that—whatever the source of funding for a new program of educational incentives in the form of a GI bill—the VA should be the Federal agency charged with administering the benefits. This will mean in all likelihood that the exisiting structure for administration of the current GI bill will be the basis for the administration of this new GI bill. Over the years, there have been significant problems in terms of the administrative provisions in title 38. Do you have any thoughts at this time or for the record as to how administration of benefits could be improved for the purposes of any new GI bill?

Answer 1. Regarding how the administration of benefits could be improved, we strongly support the elimination of the "seat-time" requirement. As you know, this regulation continues to discriminate against veterans enrolled in innovative programs, such as weekend colleges and concentrated courses, who work full-time and are unable to attend regularly scheduled classes. These programs are increasingly common in colleges and universities—especially community colleges. They are particularly suited to veterans who often have to work to support a family while going to school. But because such programs do not meet the VA's traditional definition of full-time study, the VA maintains that veterans enrolled in them are ineligible for full-time benefits.

AACJC also supports retaining the advanced payment option for veterans since they need funds "up-front" when enrolling for classes. We also feel that in an approved community college system, students attending classes at a new campus awaiting accreditation should still be able to receive their educational entitlement under title 38.

Question 2A. With respect to the kinds of training that would be authorized under any new educational incentive program, for what kinds of programs do you believe assistance should be available—that is, do you believe assistance should be available only for a traditional 4-year undergraduate degree or should assistance be available for vocational objective, OJT or apprenticeship training, correspondence course, and other types of training?

Answer 2A. Benefits should be available for degree and certificate programs mentioned, including programs in specialized technologies and vocations.

Question 2B. What about provisions for remedial, preparatory, and refresher training? Should benefits for these kinds of programs be incorporated in a new GI bill, or would you view them as being more of a readjustment benefit?

Answer 2B. Remedial, preparatory and refresher training should be incorporated in a new GI bill as an educational benefit, not as a readjustment benefit. As our testimony has stated, we do not view the proposed legislation as a readjustment measure.

Question 3. In light of the experiences we have had with the current Vietnam-era GI bill, the chapter 32 VEAP authority, and the preliminary results of the first VEAP "kicker" test conducted by the Army, what specific questions do you believe can be answered by the results of the test and what specific things do you believe we will learn from it that we do not know at this time?

Answer 3. Finally, this association believes that nothing meaningful can be learned from such DOD tests as the VEAP "kicker." Few questions can be answered regarding the effectiveness of VEAP through further testing.

Senator MATSUNAGA. Our next witness is Mr. Earl Abrams, chairman-elect, American Association of Minority Program Administrators.

Mr. ABRAMS. Mr. Chairman, I certainly appreciate the opportunity to present the views of the American Association of Minority Veteran Program Administrators. Accompanying me today is Mr. Kramer E. Metz, a member of the board of directors.

Mr. Chairman, AAMVPA supports and appreciate this committee's interest in a new peacetime GI bill. We believe that this legislation can be one of the best investments this committee could make in promoting a strong, effective military and a capable ready reserve for use in times of national emergency.

We also recognize the fact that an effective military needs to attract and retain qualified individuals. AAMVPA believes the provisions of H.R. 1400 and similar bills introduced by illustrious members of this committee address these needs.

More specifically, Mr. Chairman, AAMVPA recommends that the Veterans Education Act contain the following provisions: Limit it to high school graduates or GED graduates for service after September 30, 1981, provided the service make an effort to insure that service members have an opportunity to present GED training while on active duty; require 3 years of active duty or 2 years of active duty and 4 years in the Reserves to qualify for maximum benefit; maximum 36 months of entitlement at $400 per month.

Requires the individual to be qualified for the basic educational assistance and serve an additional 3 years of active duty or a total 4 years active duty and 8 years Reserve to qualify.

Maximum of 36 months of entitlement at $400 per month in addition to the basic payment of $400 per month for a total of $800 per month.

Provides for a transfer of earned educational entitlement to dependents when the eligible service member has completed 8 years of active duty service.

Authorize educational leave to use educational assistance earned under the provisions of the bill after 3 years of active duty at the discretion of the service secretary provided the service person agrees to serve 2 months of additional active duty for 1 month of educational leave that is granted.

Mr. Chairman, I would like to call this committee's attention to an area that we believe needs your immediate attention. Legislation has never been adopted to allow benefits be paid to veterans to pursue courses in theater radio, and these courses are part and parcel of an educational degree program.

It appears, Mr. Chairman, that the Veterans' Administration was ready and willing in 1960 to provide regulatory relief for radio courses in the same manner as instruction delivered by open circuit television. There are more and more institutions that are delivering radio instruction to their clientele because these instructions are both cost effective and easily accessible to many individuals that would not otherwise be able to attend classes on a full-time basis.

It is interesting to note, Mr. Chairman, that when a course is delivered via the radio at an institution, veterans cannot receive benefits; but that same exact course when delivered via audiocassette may be approved by the State approving agency as the independent study, and veterans can receive benefits for pursuing a part of this program via that cassette course.

My organization would like to recommend that this committee review and support a technical amendment to title 38 which will allow radio courses to be approved in the same manner as open circuit television.

Mr. Chairman, I would like to thank this committee for allowing me to present the views of the American Association of Minority Veteran Program Administrators on proposed legislation for a GI bill for the all-volunteer service. Thank you, sir.

Senator MATSUNAGA. Thank you, Mr. Abrams.

We will now hear from Mr. Metz.

Mr. METZ. My testimony was included with Mr. Abrams'.

Senator MATSUNAGA. All right, fine.

[The prepared statement of Earl Abrams, chairman-elect, American Association of Minority Veteran Program Administrators, follows:]

PREPARED STATEMENT OF EARL ABRAMS, CHAIRMAN ELECT, AMERICAN ASSOCIATION OF MINORITY VETERAN PROGRAM ADMINISTRATORS

EXECUTIVE SUMMARY

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to present the views of the American Association of Minority Veteran Program Administrators on the Veterans Education Assistance Act of 1981. Accompanying me today is Mr. Kramer E. Metz, a member of the Board of Directors of the Association.

Mr. Chairman, AAMVPA supports and appreciates this committee's interest in a new peacetime GI Bill. We believe that this legislation can be one of the best investments this committee could make in promoting a strong, effective military and a capable ready Reserve for use in times of national emergency.

We also recognize the fact that an effective military needs to attract and retain qualified individuals. AAMVPA believes the provisions of HR 1400 and similar bills introduced by illustrious members of this committee addresses these needs.

More specifically, Mr. Chairman, AAMVPA recommends that Veterans Education Act of 1981 contains the following provisions:

I. Authorizes basic educational assistance as follows:

   A) Limited to high school graduates or GED graduates for service after September 30, 1981, provided the services make an effort to ensure that service members have an opportunity to pursue GED training while on active duty.

   B) Requires three years of active duty or two years of active duty and four years in the reserves to qualify for maximum benefit.

   C) Maximum thirty-six months of entitlement at $400 per month.

II. Authorizes an additional supplemental educational assistance as follows:

   A) Requires the individual to be qualified for the basic educational assistance and to serve an additional three years of active duty or a total of four years active duty and eight years reserve to qualify.

   B) Maximum of thirty-six months of entitlement at $400 per month in addition to the basic payment of $400 per month for a total of $800 per month.

III. Provides for the transfer of earned educational entitlement to dependents when the eligible service member has completed eight years of active duty service;

IV. Authorizes educational leave to use educational assistance earned under the provisions of the bill after three years of active duty at the discretion of the Service Secretary provided the service person agrees to serve two months of additional active duty for one month of educational leave that is granted.

Mr. Chairman, I would like to call this committee's attention to two areas that we believe need your immediate attention:

First, a situation arose last year that has caused concern among a number of community colleges across the nation that serve a predominantly minority population. The Veterans Administration has a regulation that requires public funded institutions that hold "candidacy status" with one of the national accrediting associations, to have a pro-rata refund policy for veterans enrolled in their institutions. This policy has created an "administrative nightmare" and a "financial burden" on tax-supported institutions. It appears that the Veterans Administration is the only federal agency that does not make provisions for schools that hold candidacy status.

Mr. Chairman, we know of at least one community college that has elected not to request approval for veterans' benefits because of this regulatory burden.

We would like to recommend that this committee consider a technical amendment to Title 38 which would allow the administrator of the Veterans Administration to waive the pro-rata refund policy when the administrator feels that it is in the best interest of the veteran and the federal government.

The second area that I would like to briefly cover is the area of radio instruction. Legislation has never been adopted to allow benefits to be paid to veterans who pursue courses via the radio when those courses are part and parcel of an educational degree program. It appears, Mr. Chairman, that the Veterans Administration was ready and willing in 1960 to provide regulatory relief for radio courses in the same manner as instruction delivered by open circuit television. There are more and more institutions that are delivering radio instruction to their clientele because this instruction is both cost effective and easily accessible to many individuals that would not otherwise be able to attend classes on a fulltime basis. It is interesting to note, Mr. Chairman, that when a course is delivered via the radio at an institution, veterans cannot receive benefits; but that same, exact course when delivered via audiocassette, may be approved by the state approving agency as independent study, and veterans can receive benefits for pursuing a part of their program via that cassette course.

AMMVPA would like to recommend that this committee review and support a technical amendment to Title 38 which would allow radio courses to be approved in the same manner as open circuit television.

In conclusion, AMMVPA would like this committee's continued support for the Veterans Cost of Instruction Program. This program has provided much needed and valuable outreach, counseling, retention, career advisement, VA Certification and other services which have been most beneficial to the Viet Nam era veteran. We see no reason why post Viet Nam era veterans would not need these same types of services. We hope, Mr. Chairman, that this committee will consider the Veterans Cost Of Instruction Program as part and parcel of any veterans' educational legislation.

Mr. Chairman, I would like to thank this committee for allowing me to present the views of the American Association of Minority Veteran Program Administrators on the proposed legislation for a GI Bill for the All Volunteer Force. We would like to commend this committee's efforts in serving veterans of all wars through the past years, and we look to the future and hope that this committee will continue to provide leadership in cost effective and beneficial veterans legislation.

Prepared statement by:
Kramer (Kem) Metz
Member, Board of Directors
AAMVPA

Mr. Chairman and Members of the Committee,

The American Association of Minority Veteran Program Administrators greatly appreciates this opportunity to present our views on the Veterans Education Act of 1981.

The non-contributory educational assistance programs have been used quite successfully for veterans returning from WW II and the Korean and Vietnam conflicts. These G.I. Bill programs have provided training opportunities which helped returning veterans readjust to civilian life. Many individuals sole reason for enlisting in the Armed Services was to gain the educational advantages afforded by the G.I. Bill.

The Veteran Educational Assistance Program (VEAP) has not proven to be an effective recruitment tool. Veterans Administration studies show that only 25.1 percent of all servicemembers participated in VEAP up through 1979. Of the 201,723 servicemembers that participated in the program 32.2 percent have terminated their participation in the program. Of those who terminated their program, 17 percent requested refund of their contributions. It appears that many servicemembers, especially those with families, have to forego investing in their future to provide for the immediate needs of their families. These same individuals, upon honorably completing their commitment to their country, find that the training and experience that they received in the service does not easily convert to a civilian occupation. They must retrain at their own expense at the same time providing for their families.

The value of a non-contributory program as a recruitment and retention tool has tremendous potential. AAMVPA believes that re-establishing the non-contributory program for this purpose is commendable and would like to make the following comments in that light.

Eligibility

We recommend three years of active duty or two years of active duty and four years of Selective Reserve or National Guard duty. A requirement of possessing a high school diploma or equivalency is not unreasonable as long as the Services encourage and provide opportunities for service members to gain GED training while on active duty. We also would like to recommend 36 months of entitlement to be payed at the rate of $400 per month in direct payment to the veteran to help defray the cost of tuition, fees, books and supplies. We also believe that the veteran should have 10 years from the date of discharge to use their benefits.

Additional Educational Benefits

To encourage qualified active personnel to re-enlist in the service we recommend a supplemental educational assistance to be paid after a total of four years active duty and eight years of active reserve. In order for a servicemember to qualify for the supplemental educational assistance they would naturally have to qualify for the basic entitlement. We support a rate of payment of $400 per month in addition to the basic entitlement.

Transfer of Entitlement to Dependents

A provision to allow for the transfer of entitlement to dependents as a tool to encourage active duty personnel to remain in the service has considerable merit. One of the biggest concerns of parents is the education of their children. With the prospect of having help educating their children many servicemembers will consider making the services their career.

We recommend a provision that will allow a servicemember to transfer educational benefits after serving eight or more years of active duty.

Administration and Funding

We recommend that the payment of educational assistance allowances be administered by the Veterans Administration because VA already has the administrative machinery and expertise needed to do it. Other proposed benefits, such as the pre-service education assistance program, the transfer of entitlement, the education leave of absence, and similar provisions should be paid by the DoD.

Radio Instruction

Mr. Chairman, AAMVPA would like to call this committee is attention to a situation that has developed over the past year. As you know title 38 Chapter 34 Section 1673 paragraph (C) specificially prohibits the payment of benefits for courses delivered by radio. What is interesting is that when that same course is delivered by audio cassette, it may be approved as independent study. (see appendix A.)

In a letter to the Senate Veterans Affairs subcommittee on Labor and Public Welfare in 1960 the Administrator of the Veterans Administrator Mr. Whittier states:

> We have not had a similar problem with respect to instruction by radio. Several years ago we made a survey of the practices of educational institutions with respect to both radio and television instruction. At that time we found that, while some institutions provided instruction by radio immediately after World War II, they switched to television when that medium became generally available--in order to have the advantage of visual aids. We are not aware of any courses leading to a standard college degree which are currently offered where the instruction is provided by radio. Accordingly, the draft does not contain any provision for that type of instruction. However, it could be easily adapted to permit radio courses to be recognized under the same conditions as would apply to instruction by television should the committee desire to provide for the contingency that some accredited institution would use this method of instruction.

With the cost of producing course delivered via open circuit T.V. increasing, more and more institutions are turning to radio courses. Coastline Community College in California has developed a course to be delivered both by radio and television. The course uses the same study guide and requires the same amount of work, the cost for radio was about $65,000 and the cost for television was about $175,000. With the difference in production cost it makes sense for institutions to include radio instruction in their programs.

Mr. Chairman AAMVPA believes that radio instruction should be recognized in the same light as open circuit television instruction and benefits awarded.
ES004/F(dl)

Veterans Cost of Instruction Program

Mr. Chairman, in closing let me make a final observation. If the Veterans Educational Assistance Act of 1981 is enacted into law, many of the post-Vietnam era veterans who benefit from the program will probably have the type of educational supportive service needs as did the Vietnam era veteran. I am speaking specifically of the outreach, counseling, retention, tutoring, career advisement and other services now provided through the Veterans Cost of Instruction Program on approximately 1,000 college campuses.

Ninety percent of the VCIP Programs also offer services which are directly required by or related to the receipt of educational assistance from the Veterans Administration, such as the completion and processing of paperwork used to request such assistance, the monitoring of course enrollments and academic progress, the distribution of up-to-date information vital to students enrolling under the G.I. Bill, academic advisement based on VA requirements, the handling of claims and pay problems, and liaison with the Veterans Administration and the institution based on individual needs. We suspect that all of these administrative responsibilities will have to continue to be provided to make the new G.I. Bill effective.

Although not included in the funding criteria, these programs also serve dependents of veterans, graduate students, and veterans eligible for benefits under the VEAP. If the VCIP program is rescinded, funds would not be available to operate an Office of Veterans' Affairs. Ramifications are as follows:

1) Delays in payments to veterans would result in financial hardships and in many cases withdrawal from college.
2) Delays in reporting by the institutions due to lack of staff and time factors would increase overpayments and incorrect payments in veterans.
3) Reduction of qualified staff would result in less efficient monitoring of veteran student progress, and thus less assurance to the Congress and the general public that the G.I. Bill was being utilized effectively and that funds were being paid for progress toward an educational objective.
4) Lack of specialized academic counseling for veteran students would result in the G.I. Bill payments not being used to the best advantage of the student recipient.

For veterans, the potential losses would include:

1) The institution will not have the resource to perform certification functions as quickly as in the past resulting in a delay of the veteran receiving educational assistance allowance. Many will not enroll or will be forced to withdraw from school because of financial constraints.
2) Many veterans will be incorrectly paid or overpaid because the institution will not be able to monitor and report student status as quickly as in the past, and no specialized counseling will be available to insure that course enrollments and academic progress are in line with VA requirements.
3) No counseling will be available that is tailored to the veteran's experiences or status as a non-traditional student.
4) Lack of outreach and recruitment efforts will mean many veterans will not be informed of or utilize educational benefits or available community resources.
5) Lack of an office to function as a liaison with the Veterans Administration will mean that the veteran will have to deal direclty with the federal bureaucracy which is not equipped to provide counseling or assistance of an academic nature, and many problems will take an inordinate amount of time to be solved.

Mr. Chairman, AAMVPA believes the VCIP program is part and parcel of an effective implementation of an improved G.I. Bill for the All Volunteer Force, I hope this Committee will support its continuation.

That concludes our testimony. Thank you again for the opportunity to testify before this distinguished committee.

Senator **Matsunaga**. Then we will hear from Ms. Mary Ann Kirk, Center for Citizenship Education.

Ms. **Kirk**. Yes, sir, I am Mary Ann Kirk, and I am president of the Center for Citizenship Education.

We feel that young people need to grow in an understanding and appreciation of the democratic values of this country so that they are inspired to do the kind of things that have been brought before this committee today.

We feel that the needs of our country are great in this area. And while adequate compensation and adequate benefits need to be given, that the whole issue needs to be approached from a values standpoint. So that our young people and our young men and women are inspired to want to serve their country and fight for freedom.

I am here today to ask you to consider characterizing military service as a citizenship responsibility. I have offered two amendments that I think could play a very relevant part in creating an attitude not only of service to the country in terms of a military standpoint, but in terms of a service to the community standpoint.

I would like to read to you, if I may, a synopsis of the two amendments that I have proposed. A proposed amendment would describe the purpose of H.R. 1400, these were offered as an amendment to H.R. 1400, but actually they would be appropriate for any of the bills that you are considering here today, to be that of giving recognition to members of the armed services for their acceptance of military service as an expression of citizenship responsibility. It lifts military service beyond the temporary job status.

The amendment adding section 1458, the second amendment, describes the voluntary community service as an alternative mode for acceptance of citizenship responsibility. It performs the socially necessary function of relating military service to service opportunities throughout the rest of our society. It pulls us all together.

In doing so, it relates our community service everywhere in the Nation to military service responsibility accepted by those of us in the armed services. The reward in education benefits to an individual for community service is 50 percent of that given for military service. The difference is justifiable in our view because of the immediate need for personnel in the armed services and because of the greater flexibility in individual adjustment to the community service option.

The amendment gives the Veterans' Administration the responsibility for certification that any given community service program meets a qualifying service standard. The objective standard will be set by an advisory council not exceeding nine members appointed by the Veterans' Administration and representative of national voluntary associations actively engaged in administering community volunteer programs.

Decisions on allocations on appropriated funds will be made by the Veterans' Administration. The necessity of making those decisions will open up a direct discourse between the armed services and the higher education institutions.

That dialog is presently distorted by the emotional heritage of the 1960's. The inclusion of community associations as program participants will orient the decisionmaking to the social needs of the 1980's; for example, the shaping of citizenship through service opportunities to meet today's needs.

Eligibility for education benefits for community service would be limited to young people aged 14 through 19. It would encourage young people of high school age to seek out community service opportunities and in doing so to approach life as acceptance of social responsibilities.

At present, high school is frequently a socially alienating and self-centered experience. Community service would make it purposeful and constructive. The armed services would benefit two ways: Military service would be presented to young people as a citizenship responsibility of the same ultimate nature as the community service opportunities affirmatively accepted in their own communities, shaped, and offered by civic leaders.

And the possibility of military service would be introduced into the consideration by young people in their high school years when they are planning how to meet the cost of higher education.

My organization, the Center for Citizenship Education, stands ready to assist in the development of community service opportunities under this program. We are confident of our ability and those of others in the volunteer sector and in the educational community to meet the Nation's needs.

We think that this will go a long way toward changing the attitude of people in this country toward responsibility, a word not taken too kindly in many areas, Senator.

Senator MATSUNAGA. Are you proposing a draft?

Ms. KIRK. I am proposing meeting the needs of military service in the country, however it is structured, but I am offering a voluntary alternative to military service that would make it very attractive.

Senator MATSUNAGA. In other words, you were not proposing universal draft at this time, but merely offering an amendment to bills which have been offered, introduced?

Ms. KIRK. Yes, sir, I am. My issue of Time magazine came in last night, and Caspar Weinberger's picture is on it. It talked about trillions of dollars for defense. And of course it opened up, and there was the recitation of all the sophisticated weapons that we had to mount any kind of offensive or defensive.

And then on the opposite page, it said of course the most important thing to have is a military staff capability. And I feel that in order to achieve this, that young people need to be inspired to the high purpose of defense of freedom. And of course I am looking into the future with the proposal I make today on citizen service that I would think that would change the attitude of young people, so that citizenship responsibility is not just equated with military service.

Senator MATSUNAGA. Thank you very much.

[The prepared statement of Mary Ann Kirk, president, Center for Citizenship Education, follows:]

PREPARED STATEMENT OF MARY ANN KIRK, PRESIDENT, CENTER FOR CITIZENSHIP EDUCATION

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July 20, 1981

TESTIMONY - Educational Assistance for Veterans
and Active Duty Personnel

U.S. SENATE - COMMITTEE ON VETERANS' AFFAIRS

Thank you, Mr. Chairman and members of the Committee, for this opportunity to testify on educational assistance for veterans and active duty personnel.

My name is Mary Ann Kirk. I am President of the Center for Citizenship Education. The Center for Citizenship Education is a private, not-for-profit corporation registered in the District of Columbia. It was formed to answer a growing need and concern for a reconcentrated effort to strengthen our schools and institutions to educate for responsible citizenship in the context of a contemporary America. The heart of our organization is the deep belief that all citizens must have access to positive, self-fulfilling citizenship experiences through education, participation and service opportunities. It is through these gifts of democracy, we believe, that individual fulfillment is realized and the destiny of a great country is advanced.

The Armed Services has attempted to meet its manpower needs by offering itself as a competitive employer in a national job market system. The idea has been that the Armed Services will offer jobs that will appeal to job seekers in terms of self interest. Predictably that idea will fail. It has failed. The proposed pay increases and additional benefits, including the education benefits offered by various bills being considered by this Committee, justified as they are, will also fail. Self-interest alone is not sufficient basis for military service. Inherently, that service offers even in peace-time a life away from family and home, and in war-time the possibility of hardship and danger for which money cannot alone be an adequate reward.

Military Service should be presented as a special way of accepting citizenship responsibility within a nation-wide moral climate that describes citizenship responsibility as everyone's duty.

The nation is ready for this sort of moral change. Every Gallup and Harris Poll indicates great public interest in citizen involvement. More and more, Americans are recognizing that we must elevate social values over immediate self-interest. We must see life in terms of responsible relationships.

The Center for Citizenship Education is dedicated to the proposition that citizenship values must be taught and must be lived. Those values must be expressed in service opportunities for all of us, in school and out, in every community in our land.

Therefore, the Center for Citizenship Education endorses the concept of citizenship responsibility expressed in the amendments to H.R. 1400 proposed by Harry J. Hogan, retired attorney, now actively serving many non-profit organizations, including the Center for Citizenship Education. Copies of the amendments are attached. Similar amendments could be offered for any of the bills now before the Committee.

The proposed Amendment to Section 1401 would describe the purpose of H.R. 1400 to be that of giving recognition to members of the Armed Services for their acceptance of military service as an expression of citizenship responsibility. It lifts military service beyond the temporary job status.

The Amendment adding Section 1458 describes voluntary community service as an alternative mode for acceptance of citizenship responsibility. It performs the socially necessary function of relating military service to service opportunities throughout the rest of our society. It pulls us all together. In doing so it relates our community service everywhere in the nation to military service responsibility accepted by those of us in Armed Services.

The reward in education benefits to an individual for community service is 50 percent of that given for military service. The difference is justifiable, in our view, because of the immediate need for personnel in the Armed Services and because of the greater flexibility in individual adjustment to the community service option.

The Amendment givesthe Veterans Administration the responsibility for certification that any given community service program meets a qualifying service standard. The objective standard will be set by an advisory council, not exceeding 9 members, appointed by the Veterans Administration and representative of national voluntary associations actively engage in administering community volunteer programs. Decisions on allocations on appropriated funds will be made by the Veterans Administration. The necessity of making those decisions will open up a direct discourse between the Armed Services and the higher education institutions. That dialogue is presently distorted by the emotional heritage of the 60's. The inclusion of community associations as program participants will orient the decision making to the social needs of the 80's, i.e. the shaping of citizenship through service opportunities to meet today's needs.

Eligibility for education benefits for community service would be limited to young people aged 14 through 19. It would encourage young people of high school age to seek out community service opportunities and in doing so to approach life as acceptance of social responsibilities. At present, High School is frequently a socially alienating and self-centered experience. Community service would make it purposeful and constructive.

The Armed Services would benefit two ways: military service would be presented to young people as a citizenship responsibility of the same ultimate nature as the community service opportunities affirmatively accepted in their own communities (shaped and offered by civic leaders); and the possibility of military service would be introduced into the consideration by young people in their high school years when they are planning how to meet the costs of higher education.

The Center for Citizenship Education stands ready to assist in the development of community service opportunities under this program. We are confident of our ability and those of others in the volunteer sector and in the educational community to meet the nation's needs.

Respectfully,

Mary Ann Kirk

Senator MATSUNAGA. As the original sponsor in the House of Representatives of the legislation which established the All-Volunteer Force along with my late friend from Wisconsin, Congressman Bill Steiger, I strongly believe that the All-Volunteer Force has not yet failed.

Although there are those who claim that it has. And I was just wondering whether you were of the view that the All-Volunteer Force had failed and that we ought to go into the draft. I was somewhat surprised by a recent poll that 62 percent favor the draft over the All-Volunteer Force.

And of course if we go into the draft; we won't need these incentives to get people into the service. Perhaps for retention purposes, yes. But not for purposes of recruiting.

And as was pointed out by some earlier speakers, the previous panel; today we are faced with providing incentives different from that of World War II. In World War II, we had the draft; we didn't need incentives for recruiting.

But today because of the All-Volunteer Force, we do. And as a product of the GI bill myself, I feel that whether it be for volunteers or whether it be for draftees, it is good for the country to provide the greatest of opportunities for as many of our citizens as possible to obtain higher education and regardless of which way the incentives go.

I have a question here from Senator DeConcini of Arizona. As I understand it, Mr. Metz, you are a constituent of his. Anybody else here from Arizona?

Well, he wanted to make sure that his presence on the Veterans' Affairs Committee was made known to the people of Arizona. And I don't know how much you are going to cover, but from your interest I suppose you will cover a vast area of Arizona. So I will put the question in behalf of Senator DeConcini.

And he says, "I notice on page 6 of your testimony," which is evidence that he has read your testimony, "that you would like to see radio courses approved for GI bill benefits. Has the educational institution you represent ever offered radio courses for college credit? And if so, what types of courses are offered via radio and is this practice widespread?"

Mr. METZ. Thank you, Mr. Chairman. The makeup of the community college district, which my college, Rio Salada Community College is a part of, have been offering radio courses since the 1960's. To date we have offered 21 different subjects via the radio 54 different times over the past 13 or 14 years.

Those courses have been delivered to 2,500 students. So the practice has been widespread in our district, and I understand at many other districts throughout the country.

I have documentation here with me from Miami Dade Community College, which is one of the producers of radio courses. They have one course, business law, that has been offered to nine institutions throughout the country. Another course, optional self-development, which has been offered to seven other institutions throughout the country.

These institutions are not just community colleges but include universities and some technical institutions. The Dallas Community College District offers a course, "The World of F. Scott Fitzgerald." It is used by 14 institutions throughout the country.

And again, these are not just community colleges but these are also universities and technical schools. So we believe the use of radio courses is developing more and more. More and more institutions are going to go to radio courses because of the cost of producing television courses.

It is an excellent way to deliver educational programs to rural areas. And we would like this committee's review of the legislation and support the technical amendment to allow radio instruction to be recognized as TV instruction is.

Thank you, Mr. Chairman.

Senator **MATSUNAGA**. Well, thank you very much, Mr. Metz, and I take it from your statement that you see a trend toward nationwide offering of courses in radio.

Mr. **METZ**. Yes, sir. And Rio Salada Community College, of course like all other colleges, has some priorities for the coming years. Next year our priority is developing more and more radio courses for delivery in our area. And the entire college staff in each area will be working toward that end.

Senator **MATSUNAGA**. Thank you very much.

There is a vote on now, and I will have to go to vote. But before I do that——

We will be presenting to you in writing, each of you, questions which we would appreciate your response in writing for the record. And we will also include a question from Senator DeConcini which he had asked me to ask each of you on the panel.

So this will end the hearings. And subject to the call of the Chair. Oh, and the response; we would very much appreciate if you could submit by August 10. So the committee stands in recess subject to the call of the Chair.

[Whereupon, at 12:14 p.m., the hearing adjourned.]

[The following written statements and other related materials were received by the committee for the hearing record:]

PREPARED
STATEMENT OF THE
AMERICAN VETERANS COMMITTEE
BEFORE THE SENATE VETERANS AFFAIRS COMMITTEE
ON PROPOSED LEGISLATION TO ENACT
A PEACETIME GI BILL OF RIGHTS

JULY 23, 1981

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

The American Veterans Committee is pleased to give you our views on legislation to enact a peace-time GI Bill. We testified last year before you on behalf of such legislation, and are pleased to again support the principle of a peace-time GI Bill. We commend this Committee for holding these hearings and focussing attention on the need for such legislation which would not only benefit the veterans involved, but also the nation as a whole. We also see a well-designed peace-time GI Bill as a means of assisting the All Volunteer Force attract a more representative cross-section of the nation's youth in meeting its manpower requirements.

AVC has always supported education benefits as a positive means of assisting veterans in returning to civilian life. Many of our own members have utilized past GI bills and have achieved their professional status as a result of this veterans' benefit.

The AVC platform states:

> AVC believes that experience has shown that the federal funds used to pay educational benefits for veterans have been repaid to the Treasury many times over in the form of higher income taxes collected from those whose education, financed by the GI Bill, has resulted in higher earnings.

AVC has always supported the World War II model of the GI Bill--providing veteran-students separate tuition and living allowances. Under this system, the veteran-student is able to chose the school that best suits his/her needs and talents, not the one with the lowest tuition. Both Korean and the Vietnam-era GI Bills provided a single allotment from which the veteran had to pay tuition and other school costs, and all living costs. We believe that this kind of system does not permit the veteran a free choice of schools and that it channels the individual into the lowest-cost schools, and had urged the World War II system be adopted. AVC therefore endorses the approach of Senator Armstrong's bill, S.25, in following the World War II model which gave separate tuition and living allowances. Not only is this "tuition-sensitive" approach more generous to the veteran, but it also allows a wider range of options regarding choice of college. We are in agreement with the provisions of Chapter 29 of Title I of S. 25.

The first GI Bill after World War II changed the face of this nation and its educational profile. General Omar Bradley reminded the nation of this fact during the 25th anniversary celebration of the GI Bill.

> The World War II GI Bill was an investment in human beings. It has paid unparalleled dividends just as the current GI Bill is already doing for the young veterans of today...

> In the GI Bill, Congress offered the veterans a valuable stake in themselves. They took heart in the knowledge that the nation stood ready to back their civilian chances in making good. Veterans wanted only the fair chance to become self-supporting, self-sufficient, self-respecting American citizens....
>
> The GI Bill...provided a uniquely new and different investment in the proven capabilities of our young men and women. It gave them the freedom to find their own security as confidently as they had once sought security for the nation...
>
> The GI Bills give our democratic way of life great strength and vitality. Today, as was true twenty-five years ago, it is on America's fighting men that this nation must depend. Their service honors us all, and today, on this Silver Anniversary of the GI Bill, I salute them all.

As General Bradley has so eloquently stated, the first GI Bill was an investment in human beings. The benefits to the nation from it and the bills which followed have been numerous;tangible in terms of tax dollars to the U.S. Treasury;intangible in the quality of life enhanced by higher educational attainments and subsequent professional advancement for millions of Americans who passed on these advantages to their children.

When the Vietnam era GI Bill ended in 1976, AVC felt an opportunity was lost that would have served the nation as a whole. Like others, we hoped that the Veterans Educational Assistance Program created in 1977 to take its place, would be an adequate substitute. The Navy has reported that only 23 percent of the eligibles have participated in VEAP. Other services also report similar participation rates. Furthermore, it has been reported that almost one-third who opt to participate drop out of the program. In contrast, the participation rate of veterans in the Vietnam GI Bill is 56.4 percent. (If active duty personnel are included the rate goes up to 64.8 percent.) The rate for the Korean Bill was 43.4 percent; for the peace-time cold war version, 45.5 percent. VEAP has not met the expectations of its designers and taken the place of a GI Bill.

AVC supports a peace-time GI Bill and believes that Chapter 29 of Senator Armstrong's bill, S.25, will best achieve its purposes. We are convinced that a well-designed GI Bill at this time is in the best interests of the nation. Admiral Zech, testifying before the Subcommittee on Education, Training and Employment of the House Veterans Affairs Committee, summed it up well this spring:

> I believe further that an investment in the educational growth of our young people, those who volunteer to serve in the military forces, is an investment not only in the strength of our nation, but, in a broader way, in the future of our country.

We wish to take exception with Section 1403 of Chapter 29, Title I, of S.25, which sets a delimiting date of 10 years for initiating an educationalprogram under the GI Bill. Since education has become a continuing process in our society in the last decades, it seems absurd to set a time limit on when a veteran can use his GI Bill benefits. Many veterans, for many reasons, are unable or unwilling to use those benefits within ten years of discharge. Women veterans, particularly, delay their use of benefits because in their roles as wives and mothers they are not in positions to go to school. For them, and for many male veterans, the benefits would be meaningful if they were no delimiting dates at all. We do not see how anyone can lose with this open-endedness - more individuals would be able to use the benefits and it would allow the government to pay out the benefits over a longer span of time.

AVC applauds Sneator Armstrong for defining eligibility for Title I benefits as someone was discharged or released "under honorable conditions." We are very pleased that this formulation includes the General Discharge, which is given under honorable conditions. Since the original GI Bill and the ones since have kept that broad stance and granted potential eligibility to those who were discharged "under other than dishonorable conditions", we believe that that is the approach that should be followed. S.25 does allow eligibility for those who received a General Discharge. We noted that some of the other bills narrowed eligibility to those who received the Honorable Discharges. We would hope that any legislation passed by this Committee would encompass the broader definition of eligibility. At the very minimum, veterans who served a specific length of time and received a General Discharge should be eligible for the peace-time GI Bill.

There is an important issue relevant to this discussion of a peace-time GI Bill. Serious questions about the effectiveness of the All-Volunteer Force have been raised. All the military services have endorsed enactment of a peace-time GI Bill. The two major problems identified by the top personnel officers of all the services when they appeared before this Subcommittee during the spring hearing were "recruitment" and "retention". General Meyer, Chief of Staff of the Army, emphasized that "turbulance" in the ranks was the greatest deterrent to readiness in the armed forces today. All the services asserted that a peace-time GI Bill would addressthis "turbulence" and meet the services' requirements for more effective methods of retention and recruitment.

AVC suggests to the Committee that a GI Bill should not be expected to be a panacea for meeting all the ills of the All-Volunteer Force. The limitations of what a GI Bill can do and should do must be recognized. Professor Charles Moskos, in his testimony before the House Subcommittee, questioned whether a GI Bill can simultaneously serve the purposes of both recruitment and retention. We agree with Professor Moskos that a GI Bill can serve as an effective recruitment tool. It is possible that with a more representative mix of individuals in the services, some retention problems will be ameliorated also. We call attention to Senator Armstrong's warning that "a new GI Bill is not the answer to all our military manpower problems, but it can be the answer to our recruitment problems--if we don't overburden the GI Bill by trying to make it do too much." Furthermore, we believe that a GI Bill must be simple and easily understandable. Complicated formulas of differing eligibility for different kinds and terms of service may discourage the prospective concumers and limit its appeal.

There is evidence to substantiate the fact that educational benefits are an incentive for recruitment, particularly of middle-class, college-bound youth that are today almost totally unrepresented in the armed forces. All the services reported an upsurge of enlistments in the months before the Vietnam-era GI Bill of Rights expired in 1976. A peace-time GI Bill would provide a more representative military force because it would attract higher numbers of high school graduates and education-motivated youth. Furthermore, the services foresee a lower attrition rate with this kind of representation. Admiral Zech predicted that with this richer mix of high school graduates, there would be eventually a reduced demand for accessions. Lower attrition rates would be an indirect benefit of the recruitment potential of a peace-time GI Bill.

Clearly, a more representative military force is desirable, both practically and philosophically. We have raised questions about the representativeness of the All-Volunteer Force in the past, and whether it was acceptable to have only a narrow segment of the population bear the burden of military service as is the situation today. Under the current workings of the AVF, the less educated, the less advantaged, are fulfilling this role. AVC raised this question before: what are the implications for a society that excuses its privileged and better-educated from sharing in the defense of the nation? The services have given ample testimony as to their interest in having a more representative force with a richer mix of high school graduates and upper percentile enlistees.

Arguments have been made against passage of a peace-time GI Bill that it is not cost-effective and that it is too expensive. We think Professor Moskos has demonstrated this is not the case.

We also share the view that retention problems should be mainly addressed by other means. We recognize retention as a real problem, one that is crucial to the effectiveness of the Ready Force. The questions of adequate pay, housing, medical care need to be addressed. But also questions of esprit de corps and the institutional framework of military service are ones that have yet to be explored. We believe it would be self-defeating however if the proposed GI Bill would seek to deal with these other areas of concern.

AVC therefore urges enactment of a peace-time GI Bill using a World War II model and supports legislation along the lines of S.25.

PREPARED STATEMENT OF DR. CHARLES C. MOSKOS, DEPARTMENT OF SOCIOLOGY, NORTHWESTERN UNIVERSITY, EVANSTON, ILL.

PROS AND CONS OF GI BILL LEGISLATION

Close to a dozen bills have been introduced in the 97th Congress proposing post-service education -- or GI Bill -- benefits for military personnel. This reflects the growing realization that the problems of the all-volunteer force (AVF) will not be fixed by incremental changes of present manpower policies. All services will greatly benefit from an AVF GI Bill, but it must be kept clear what a GI Bill can and cannot do.

The purpose of a GI Bill is to attract in an equitable manner a cross-section of youth to serve in the military. Or, to put it another way, a GI Bill is to recruit the analogue of the peacetime draftee in the all-volunteer context. The choice is coming down to a comprehensive and good-faith AVF GI Bill or a return to the draft.

A GI Bill cannot simultaneously serve the purposes of both recruitment and retention. These two goals should be separated, lest we end up with a convoluted bill that serves neither. Recruitment must be the overriding intent of a GI Bill. It may help clarity matters to think of an AVF GI Bill as the functional equivalent of conscription. For even with a draft, retention problems would persist and have to be dealt with on their own terms; namely, by well constructed career compensation and entitlement packages along with a public recognition of the service ethic in the armed forces.

Two general principles should always be kept in mind when appraising recruitment and retention proposals. First, recruitment incentives must be kept as simple as possible (almost as much for the recruiter's sake as for the recruit). The other side of "flexibility" in GI Bill proposals is complications for potential enlistees. Second, reenlistment incentives can be fairly involved with many choice points. One will never go wrong overestimating the grasp career service members have of compensation packages.

A GI Bill will effectively serve recruitment by containing the following provisions: (1) a tuition component along with a monthly stipend, (2) a benefit for two-year enlistments, and (3) eligibility limited to those who receive honorable discharges or separations. Bills S25 and HR135 contain the vitial tuition provisions and come closest to meeting the criterion of simplicity. Bill HR1400 has the merit of requiring a reserve obligation following two-years active duty for GI Bill eligibility.

Three main arguments are raised against a GI Bill: (1) too expensive, (2) not cost-effective, and (3) adverse retention effects. Not one of these stands up to scrutiny.

Too Expensive. An AVF GI Bill will cost in the range of $2 to $3 billion annually. Comment. Assume a GI Bill that will offer three academic years of educational support for two years of active-duty service, and four years of benefits for three years of service. The entitlements would include the costs of tuition up to $3,000 per academic year, and subsistinence stipend of $300 per month. The maximum direct costs of such a GI Bill would probably be under $1.25 billion a year.[1]

There would be tremendous countervailing reductions in the net costs of a GI Bill thanks to a lower attrition rate. The data is incontestable that high school graduates are twice more likely to complete enlistments than are high school dropouts. The General Accounting Office estimates that each attrition case costs $12,000. Cutting the military attrition rate in half would alone result in manpower savings in excess of $.6 billion. Substantial savings would occur in the extra recruitment outlays now required to enlist high school graduates placing in the upper half of the entrance test distribution. Cost reductions would also result from less loss time for unauthorized absences and desertions, the reduction or elimination of combat arms bonuses, the end of present post-service educational benefits (VEAP), and, most likely, fewer lower-ranking service members with families. With these savings, the net costs of a GI Bill would be under $.4 billion annually.

Moreover, because members will not be eligible for GI Bill benefits until completion of at least two years of active duty, there will be no outlays in the first phase of an AVF GI Bill. In point of fact, the initial two years of a GI Bill program will result in considerable savings in the national defense budget.

Not Cost-Effective. Enlistment bonuses and higher recruit pay are more cost-effective enlistment tools than a GI Bill. Comment. Estimates of the Congressional Budget Office are that one billion dollars annually would be required in enlistment bonuses to meet the new accession standards set by Congress. Even if costs are comparable, a GI Bill is still to be preferred over enlistment bonuses. Whereas a GI Bill carries the positive symbolism of one of America's most successful social programs, enlistment bonuses crassly emphasize the cash-work nexus. A GI Bill recepient can receive his or her entitlement only after completion of honorable service, while there is no practical way to recover bonus money from one who fails to complete an enlistment.

In theory and practise, enlistment bonuses are inextricably linked with the strategy of recruiting at the margin; a GI Bill, in theory certainly, in practise to be determined, seeks to attract a cross-section of youth not previously in the recruitment pool. One way out of the conundrum of enlistment bonuses versus GI Bill may simply be to offer enlistees an either/or choice.

As a cost-effective measure, higher recruit pay also suffers in comparison with a GI Bill. Not only does higher recruit pay aggrevate the tendency to recruit at the margin, it compounds pay compression within the enlisted ranks, thereby corroding the status of the NCO corps. Indeed, consideration ought be given to focusing straight GI Bill benefits on a lower-paid two-year enlistment track. In any event, as given in the table at the end of this statement, surveys of high school youth and college undergraduates consistently show that GI-Bill type incentives hold greater appeal than either enlistment bonuses or higher recruit pay for those youth presently not inclined to join the service.[2]

Adverse Effects on Retention. A GI Bill will increase the retention problem where it hurts most, in the technical military-occupational specialties. Comment. It must be noted initially that retention losses in technical specialties have become more pronounced since the end of the Vietnam-era GI Bill in 1976. The obvious conclusion is that future pay raises should be aimed at the NCO grades rather than applied across the board. Furthermore, unlike enlistment bonuses, reenlistment bonuses are proper career incentives because they reflect current capabilities and past service. There is also historical evidence that some number of those who would not otherwise join the service except for a GI Bill will find themselves eventually entering the career force. A GI Bill could also create an entirely new source of prior-service entrants at the NCO or officer levels; individuals choosing to return to active duty after college or technical training.

Special career provisions in conjunction with, but not a part of, a GI Bill would complement not undermine retention incentives. A cash-out feature in the form of a reenlistment bonus might be offered in lieu of GI Bill benefits. A career soldier might take out educational loans for college-age dependents which can be forgiven at certain rates in return for reenlistment commitments. Or, a career soldier could use educational entitlements to take a "sabbatical" involving an engineering or science curriculum for future technical work in the military. Unlike GI Bill benefits which should be funded by the Veterans Administration, funding of in-service educational programs properly falls within the defense budget. By no means do educational benefits define innovative incentives necessary to retain the required career force.

Conclusion. The actractivness of an AVF GI Bill faces a powerful opposing force. This is the expansion of federal assistance to college students since the end of the Vietnam-era GI Bill. In 1980 alone, federal aid to college students, in the form of grants and loan subsidies, exceeded $5.2 billion. In effect, we have created a GI Bill without the GI. Even if proposed budget cuts to reduce federal aid to college students by some one billion dollars are implemented (by no means assured), we will still confront a staggering sum in competition with a GI Bill. In the longer run, some sort of modest national service obligation ought become a prerequisite for federal college assistance. This is a viewpoint that must be articulated at the very top levels of our national political leadership.

The immediate task is not to pass some inadequate and Rube Goldberg educational package; call it a GI Bill, and then say we have done all we can for the AVF. The top priority for military recruitment must be a comprehensive and readily understood GI Bill. A GI Bill is not a cure-all for what ails the AVF. But it is a necessary step in the right direction.

NOTES

1. The sum of $1.25 billion for total annual costs of the proposed AVF GI Bill is based on the following calculations. The cumulative sum to be given to each person who uses the GI Bill is estimated at an average of $10,000 per veteran. This was the estimate given by the Veterans Administration for S2020, a GI Bill introduced in the 96th Congress which contained slightly more generous entitlements than the GI Bill proposed herein. Hearings Before the Committee on Veterans Affairs, U.S. Senate, 96th Congress, 2nd sess., June 19, 1980, p. 25.

Comparative costs with the World War II GI Bill are informative. The costs of the World War II GI Bill came to about $2,500 per veteran (2,232,000 participants at a total cost of $5.5 billion). Multiply this sum by four to take inflation into account, and we also come up with a figure close to $10,000. Because the World War II GI Bill was much more generous than the Bill proposed herein, the estimate of $10,000 per veteran for an AVF GI Bill errs on the side of greater than probable costs.

In steady state recruitment for a two-million active-duty force, about 375,000 enlistees are required annually. About 20 percent of these will reenlist and assume another 20 percent will be lost through attrition. This leaves about 60 percent of first termers -or 225,000 persons -- who will normally be eligible for the GI Bill. Assume half of these -- or 112,500 persons -- will matriculate in college (a proportion higher than the national average of 19-20 year olds). $10,000 times 112,500 approximates $1.25 billion.

NOTES (continued)

2. In order to determine the effectiveness of educational benefits as enlistment incentives, Congress authorized the recruiting command to conduct an experiment during 1980-81. Recruiters in specified locales were able to offer qualified enlistees a non-contributory and generous post-service educational package -- an "ultra-VEAP."

At least two difficulties present themselves in trying to generalize from the results of this "test" to the appeal of an AVF GI Bill. First, a local enlistment campaign can never match the positive symbolism of a simple and nationwide GI Bill.

Second, an operational difficulty is posed by the requirement that only high school graduates who score in the top half of the mental distribution are eligible for the new educational benefits. This means in practise that the recruiter, lest he disappoints and loses a potential regular enlistee, is hesitant to mention the new educational offerings until after he knows the candidate's aptitude score. Caught in a classic minimax bind, the recruiter pushes the new "ultra-VEAP" mainly to those candidates who would have probably come through the door anyway. Paradoxically, then, precisely because the test program is limited to high quality youths, it cannot be widely used to tap the new pool of recruits for whom it was intended.

Table 1. EFFECTS OF ENLISTMENT OPTIONS ON MALE YOUTH, 1980.*

Youth Category	Current Pay	$200 Monthly Pay Increase	Current Bonus -- $3,000	$5,000 Bonus
Total Youth	1.43	1.95	1.90	2.11
Propensity:				
Positive	1.94	2.69	2.46	2.72
Negative	1.18	1.57	1.61	1.80
Quality Index**				
High	1.25	1.64	1.75	2.05
Medium	1.49	2.11	1.96	2.15
Low	1.56	2.01	1.96	2.12
White	1.43	1.91	1.92	2.18
Black	1.43	1.96	1.88	2.07

Youth Category	Current	Non-Contributory VEAP	1 Year Tuition For 1 Year Service***
Total Youth	1.91	1.99	2.16
Propensity:			
Positive	2.50	2.51	2.77
Negative	1.61	1.73	1.91
Quality Index**			
High	1.80	1.94	2.09
Medium	1.97	2.03	2.21
Low	1.91	1.96	2.09
White	1.92	1.99	2.12
Black	1.90	1.99	2.55

* The higher the score, the greater the indicated propensity to enlist.

** Based on composite index of high school grades and number of science/math courses.

*** Survey conducted fall, 1978; item not included in spring, 1980, survey.

Source: Market Facts, Inc., Youth Attitude Tracking Study.

Table 2. EFFECTS OF ENLISTMENT OPTIONS ON MALE COLLEGE STUDENTS, 1980.

Incentive	Percent "Very Likely to Join Army for Two Years	
	Northwestern University[1] (N=151)	Morgan State University[2] (N=77)
Present Recruit Pay	--	8.2
$1,000 Monthly Pay	--	9.6
$2,500 Monthly Pay	1.4	23.6
4-Year GI Bill*	12.3	25.7

[1] Northwestern University is private and predominantly white.

[2] Morgan State University is public and historically black.

* Tuition plus $500 monthly stipend.